

AGENDA

D2022/08267

Audit Committee

2 June 2022

Notice of Meeting

Dear Councillors

I wish to advise that the next meeting of the Audit Committee will be held on Thursday, 2 June 2022 at the EMRC Administration Centre, 1st Floor, 226 Great Eastern Highway, Ascot WA 6104 commencing at 6:00pm.



Marcus Geisler | Chief Executive Officer

27 May 2022

Please Note

If any member has a query regarding a report item or requires additional information in relation to a report item, please contact the responsible officer (SOURCE OF REPORT) prior to the meeting.



Audit Committee Members

Cr Margaret Thomas	Committee Chairman	City of Kalamunda
Cr Doug Jeans	Committee Deputy Chairman	Shire of Mundaring
Cr Hilary MacWilliam	Committee Member	Town of Bassendean
Cr Michelle Sutherland	Committee Member	City of Bayswater
Cr Mel Congerton	Committee Member	City of Swan

Audit Committee Deputies

Cr Kathryn Hamilton	Deputy Committee Member	Town of Bassendean
Cr Steven Ostaszewskyj	Deputy Committee Member	City of Bayswater
Cr Dylan O'Connor	Deputy Committee Member	City of Kalamunda
Cr John Daw	Deputy Committee Member	Shire of Mundaring
Cr Charlie Zannino	Deputy Committee Member	City of Swan

Audit Committee Second Deputies

Cr Emily Wilding	Committee Second Deputy Member	Town of Bassendean
Cr Giorgia Johnson	Committee Second Deputy Member	City of Bayswater
Cr Janelle Sewell	Committee Second Deputy Member	City of Kalamunda
Cr Jo Cicchini	Committee Second Deputy Member	Shire of Mundaring
Cr Andrew Kiely	Committee Second Deputy Member	City of Swan

Audit Committee

2 June 2022

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1 DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

1.1 ACKNOWLEDGEMENT OF COUNTRY

We wish to acknowledge the traditional custodians of the land on which we meet today and to pay our respects to elders past, present and future.

2 ATTENDANCE, APOLOGIES AND LEAVE OF ABSENCE (PREVIOUSLY APPROVED)

3 DISCLOSURE OF INTERESTS

4 ANNOUNCEMENTS BY THE CHAIRMAN OR PRESIDING MEMBER WITHOUT DISCUSSION

5 PETITIONS, DEPUTATIONS AND PRESENTATIONS

6 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

**6.1 MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 3 MARCH 2022
(D2022/04204)**

That the minutes of the Audit Committee meeting held on 3 March 2022 which have been distributed, be confirmed.

AUDIT COMMITTEE RESOLUTION

MOVED CR

SECONDED CR

7 QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

8 QUESTIONS BY MEMBERS WITHOUT NOTICE



9 ANNOUNCEMENT OF CONFIDENTIAL MATTERS FOR WHICH MEETINGS MAY BE CLOSED TO THE PUBLIC

NOTE: Section 5.23(2) of the *Local Government Act 1995*, details a number of matters upon which Council may discuss and make decisions without members of the public being present. These matters include: matters affecting employees; personal affairs of any person; contractual matters; legal advice; commercial-in-confidence matters; security matters; among others.

The following report items are covered in Section 14 of this agenda.

- CYBER SECURITY AUDIT – GAP ANALYSIS

10 BUSINESS NOT DEALT WITH FROM A PREVIOUS MEETING

11 REPORTS OF EMPLOYEES

- 11.1 DRAFT CORPORATE BUSINESS PLAN 2022-2023 TO 2026-2027 (D2022/07942)
- 11.2 EASTERN METROPOLITAN REGIONAL COUNCIL 2022/2023 ANNUAL BUDGET (D2022/06617)
- 11.3 INTERNAL AUDIT REPORT – 2022 PROGRAMME (D2022/07880)
- 11.4 RISK MANAGEMENT UPDATE (D2022/07744)



11.1 DRAFT CORPORATE BUSINESS PLAN 2022/2023 TO 2026/2027

D2022/07942

PURPOSE OF REPORT

The purpose of this report is to present the draft Corporate Business Plan 2022/2023 to 2026/2027 to Council for adoption.

KEY POINT(S)

- Sections 5.56(1) and (2) of the *Local Government Act 1995* (the Act) require that each local government is 'to plan for the future of the district', by developing plans in accordance with the regulations. The *Local Government (Administration) Regulations 1996* specify that a 'plan for the future' comprises the following:
 - ⇒ A Strategic Community Plan – a minimum 10-year timeframe (r.19C).
 - ⇒ A Corporate Business Plan – a four to five-year plan, which translates the 10-year strategic plan into operations (r.19DA).
- Council adopted the EMRC's Strategic Community Plan titled 10 Year Strategic Plan to 2017 to 2027 on 18 August 2016 for implementation from 1 July 2017 onwards.
- Regulation 19DA states that each local government must review its Corporate Business Plan annually.
- The previous Corporate Business Plan 2021/2022 to 2025/2026 has been reviewed and the draft Corporate Business Plan 2022/2023 to 2026/2027 has been prepared (attached).
- The draft Corporate Business Plan 2022/2023 to 2026/2027 sets out the actions that staff will undertake over the next five years to deliver on the 10 Year Strategic Plan 2017 to 2027.
- It is intended to provide quarterly updates to Council on the Corporate Business Plan actions.
- Section 5.53 of the Act requires that an overview of the 'plan for the future' must be made in the Annual Report, including major initiatives that are proposed to commence or to continue in the next financial year. Therefore, a report will be provided within the 2021/2022 Annual Report.
- In accordance with Section 6.2(2) of the Act, Council is to give regard to the 'plan for the future' when adopting the EMRC's Annual Budget, which will be tabled separately later in the year.

AC RECOMMENDATION(S)

That:

1. Council by absolute majority, in accordance with r.19DA(6) of the *Local Government (Administration) Regulations 1996*, adopt the Corporate Business Plan 2021/2022 to 2025/2026 forming an attachment to this report.
2. Local public notice of the adoption of the Corporate Business Plan 2022/2023 to 2026/2027 be given in accordance with r.19D of the *Local Government (Administration) Regulations 1996*.

SOURCE OF REPORT

Chief Executive Officer

BACKGROUND

- 1 At Section 5.56(1) and (2) of the *Local Government Act 1995* (the Act) require that each local government is 'to plan for the future of the district', by developing plans in accordance with the regulations. The *Local Government (Administration) Regulations 1996* (the Regulations) specify that a 'plan for the future' comprise the following:



- ⇒ A Strategic Community Plan – a minimum 10-year timeframe (r.19C); and
- ⇒ A Corporate Business Plan – a four to five-year plan, which translates the 10-year strategic plan into operations (r.19DA).

2 Regulation 19DA states that the Corporate Business Plan (the Plan) is to:

- ⇒ Be for a minimum of 4 years;
- ⇒ Identify and prioritise the principal strategies and activities Council will undertake in response to the objectives stated in the Strategic Community Plan;
- ⇒ State the services, operations and projects that a local government will deliver over the period of the plan, the method for delivering these and the associated cost;
- ⇒ Reference resourcing considerations such as asset management plans, finances and workforce plans;
- ⇒ Be adopted by absolute majority; and
- ⇒ Be reviewed annually – this can be scheduled to align with the setting of the Annual Budget.

3 In addition to the above requirements local public notice must be given when the Plan is adopted or modified (r.19D).

4 Council adopted the EMRC's Strategic Community Plan titled 10 Year Strategic Plan to 2017 to 2027 (10 Year Strategic Plan) on 18 August 2016 (Ref: D2016/06163) for implementation from 1 July 2017 onwards and the EMRC's Corporate Business Plan 2021/2022 to 2025/2026 in June 2021.

REPORT

5 The EMRC has in place an integrated planning framework to ensure that strategic priorities drive operational activities and inform the annual budget.

6 The 10 Year Strategic Plan guides, at a strategic level, the direction that the EMRC plans to take over the ensuing ten years towards achieving its vision.

7 The draft Corporate Business Plan 2022/2023 to 2026/2027 is an element of the integrated planning framework that has been developed to articulate the strategic direction into operational activities. Both documents form the EMRC's 'plan for the future'.

8 The draft Corporate Business Plan 2022/2023 to 2026/2027 sets out the actions that staff will undertake over the next five years to deliver on the 10 Year Strategic Plan. It provides high level information on capital and operating projects planned over the next five years.

9 Section 6.2(2) of the Act states that "in the preparation of the annual budget the local government is to have regard to the contents of the plan for the future of the district made in accordance with section 5.56".

10 Both the 10 Year Strategic Plan and the draft Corporate Business Plan 2022/2023 to 2026/2027 constitute the 'plan for the future', and Council is to give regard to both these when adopting the EMRC's Annual Budget.

11 The 2021/2022 draft Annual Budget is tabled separately for adoption as part of this Agenda.

12 It is intended to report to Council against the Corporate Business Plan on a quarterly basis.

13 Section 5.53 of the Act requires that an overview of the 'plan for the future' must be made in the Annual Report, including major initiatives that are proposed to commence or to continue in the next financial year. A report will be provided within the 2021/2022 Annual Report.



- 14 Regulation 19CA requires that any significant modifications to the adopted Corporate Business Plan 2021/2022 to 2025/2026 must be reported through the Annual Report.
- 15 In accordance with r.19DA(6) of the Regulations, Council is to determine whether or not to adopt the Corporate Business Plan by absolute majority.
- 16 The draft Corporate Business Plan 2022/2023 to 2026/2027 (attached) is provided for Council adoption.

STRATEGIC/POLICY IMPLICATIONS

- 17 Key Result Area 3 – Good Governance
- 3.3 To provide responsible and accountable governance and management of the EMRC
- 3.4 To continue to improve financial and asset management practices

FINANCIAL IMPLICATIONS

- 18 The financial implications of the Corporate Business Plan are reflected in the EMRC's budget and long-term financial plans.

SUSTAINABILITY IMPLICATIONS

- 19 This Corporate Business Plan has a focus on sustainability, net zero, decarbonisation and the circular economy and is aligned to the new EMRC Sustainability Strategy.

RISK MANAGEMENT

Risk – The Council agreed Key actions are not delivered in accordance with the Corporate Business Plan		
Consequence	Likelihood	Rating
Possible	Insignificant	Low
Action/Strategy		
➤ Regular and ongoing reviews and quarterly updates ensure staff continue to be apprised of the deliverables and agreed timeframes.		

MEMBER COUNCIL IMPLICATIONS

Member Council	Implication Details
Town of Bassendean	As outlined in the report and attachment
City of Bayswater	
City of Kalamunda	
Shire of Mundaring	
City of Swan	

ATTACHMENT(S)

Draft Corporate Business Plan 2022/2023 to 2026/2027 (D2022/08731)



VOTING REQUIREMENT

Absolute Majority

AC RECOMMENDATION(S)

That:

1. Council by absolute majority, in accordance with r.19DA(6) of the *Local Government (Administration) Regulations 1996*, adopt the Corporate Business Plan 2022/2023 to 2026/2027 forming an attachment to this report.
2. Local public notice of the adoption of the Corporate Business Plan 2022/2023 to 2026/2027 be given in accordance with r.19D of the *Local Government (Administration) Regulations 1996*.

AC RECOMMENDATION(S)

MOVED

SECONDED



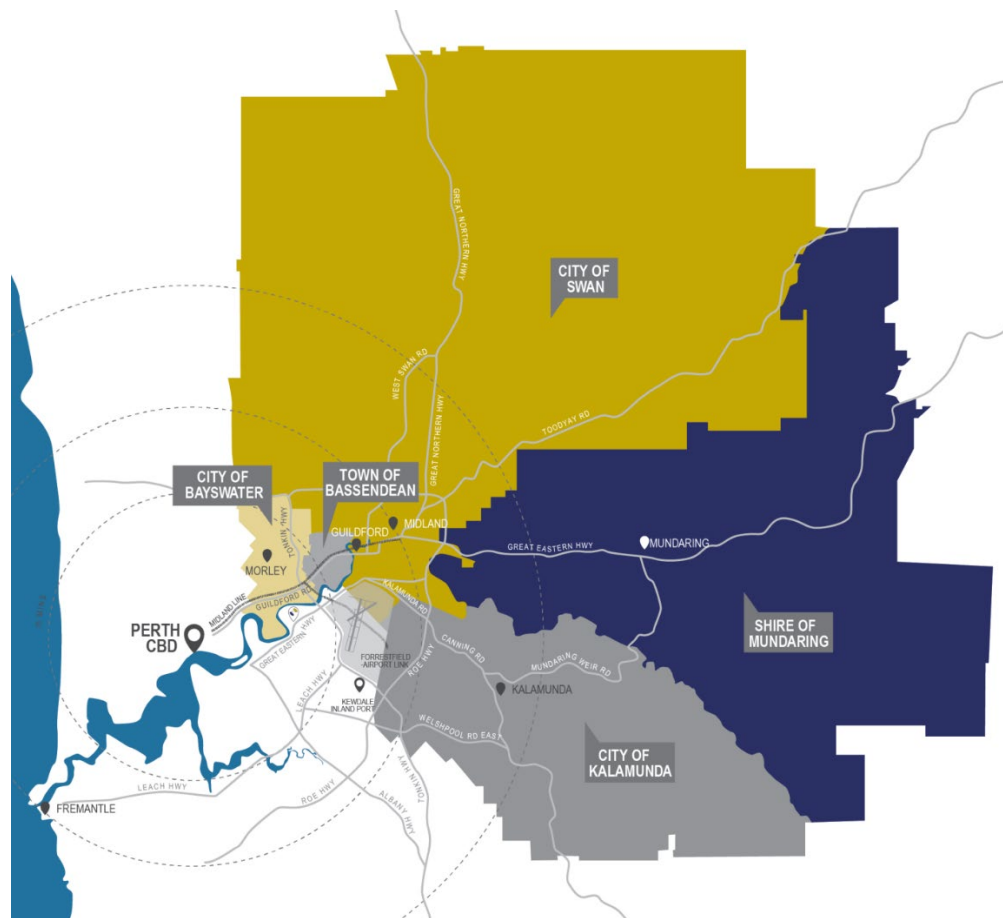
EMRC
CORPORATE BUSINESS PLAN
2022/2023 – 2026/2027



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Perth's Eastern Region – A Snapshot



Perth's Eastern Region is an area of Perth which comprises five local governments: Town of Bassendean, City of Bayswater, City of Kalamunda, Shire of Mundaring and City of Swan. The region constitutes around one-third of Perth's metropolitan area encompassing a land area of about 2,065 square kilometres and an estimated population of 339,000 people which equates to around 122,000 households. The Region hosts some of Western Australia's major air, road and rail transport hubs for movement of freight and passengers throughout Perth, intrastate, interstate and overseas. The region is considered the gateway to greater Perth, through the domestic and international airports or from the highways to the north and east. With a diverse regional economy, access to a skilled workforce and a range of leisure, lifestyle and living opportunities, Perth's Eastern Region is well positioned for continued growth and represents an attractive investment destination.

The Eastern Metropolitan Regional Council (EMRC) assists its member Councils to successfully turn challenges into opportunities and to ensure that the entire Region fulfils its potential as one of Western Australia's most vibrant and fast-growing areas.

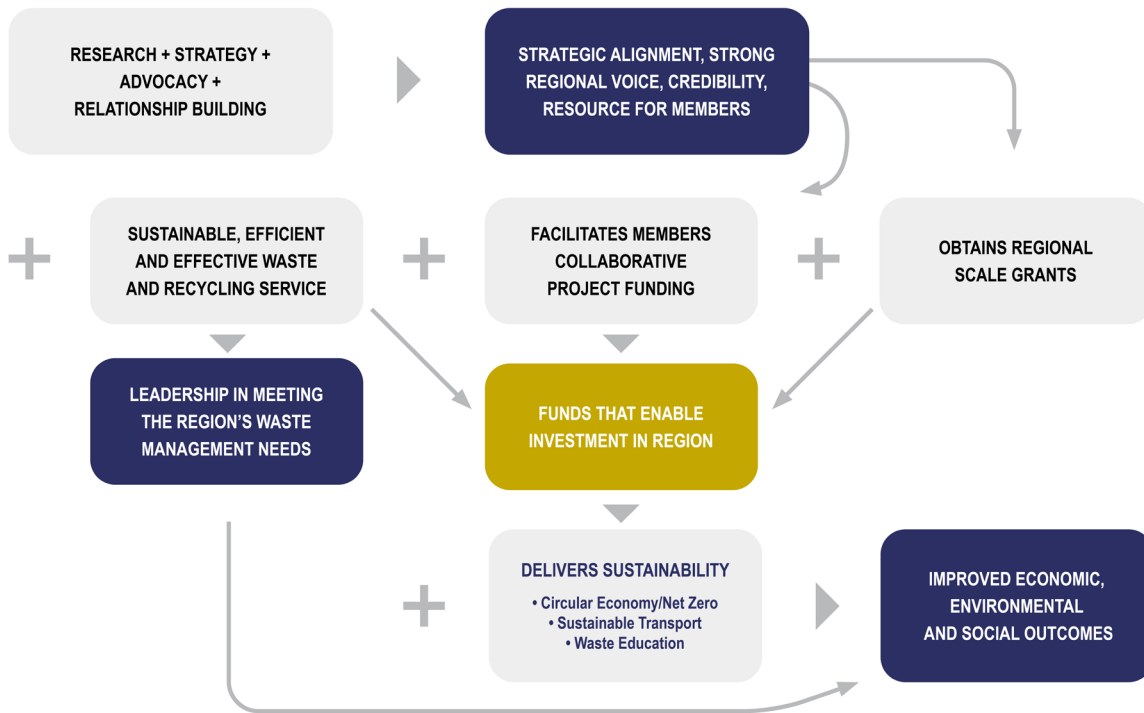
The EMRC is recognised as being representative of best practice waste management and resource recovery. It is also recognised as fostering and attracting strategic partnerships and developing key alliances to ensure the member Councils in the region meet their FOGO and waste recovery targets by 2025, as each of these Councils progress towards a three bin system.

About the Eastern Metropolitan Regional Council

The EMRC works in partnership with five member Councils located in Perth's Eastern Region - Town of Bassendean, City of Bayswater, City of Belmont, City of Kalamunda, Shire of Mundaring and City of Swan. Together, these five councils constitute around one third of the area of metropolitan Perth. The EMRC assists the councils to ensure that the entire region fulfils its potential as one of Western Australia's most vibrant and fast-growing areas.



The EMRC's Service Delivery Model



Establishment Agreement

As a regional local government, the EMRC's Establishment Agreement provides a means of undertaking a wide range of projects and services, and for member Councils to share resources and facilities. The cooperative, political and executive framework of the EMRC enables member Councils individually and collectively to promote and advocate on issues for the benefit of local government and to better serve the community.

The EMRC initiates and leads projects for its member Councils that deliver real benefits to the region in the areas of waste management and resource recovery, urban environment, and circular economy with a focus on net zero and the Sustainable Development Goals (SDGs).

The EMRC also provides a holistic approach by establishing and maintaining hard and soft infrastructure and delivering services that include the Community Recycling Centres located and operated at two sites in Mundaring, one site in Bayswater and our Red Hill Waste Management Facility. This is further enhanced by the level of community engagement and interaction undertaken by EMRC staff as well as comprehensive education and providing meaningful employment in the region.

These services enable member Councils to enhance outcomes for their communities and for Perth's Eastern Region as a whole. The EMRC's governance and service delivery model is sufficiently robust and flexible enough to enable the delivery of services to its member Councils on a regional scale. The EMRC also has a geographical advantage in that its members form a cluster. This grouping enables the EMRC to provide services at a scale which is beneficial to a region containing a huge variety of interests.

Key Stakeholders

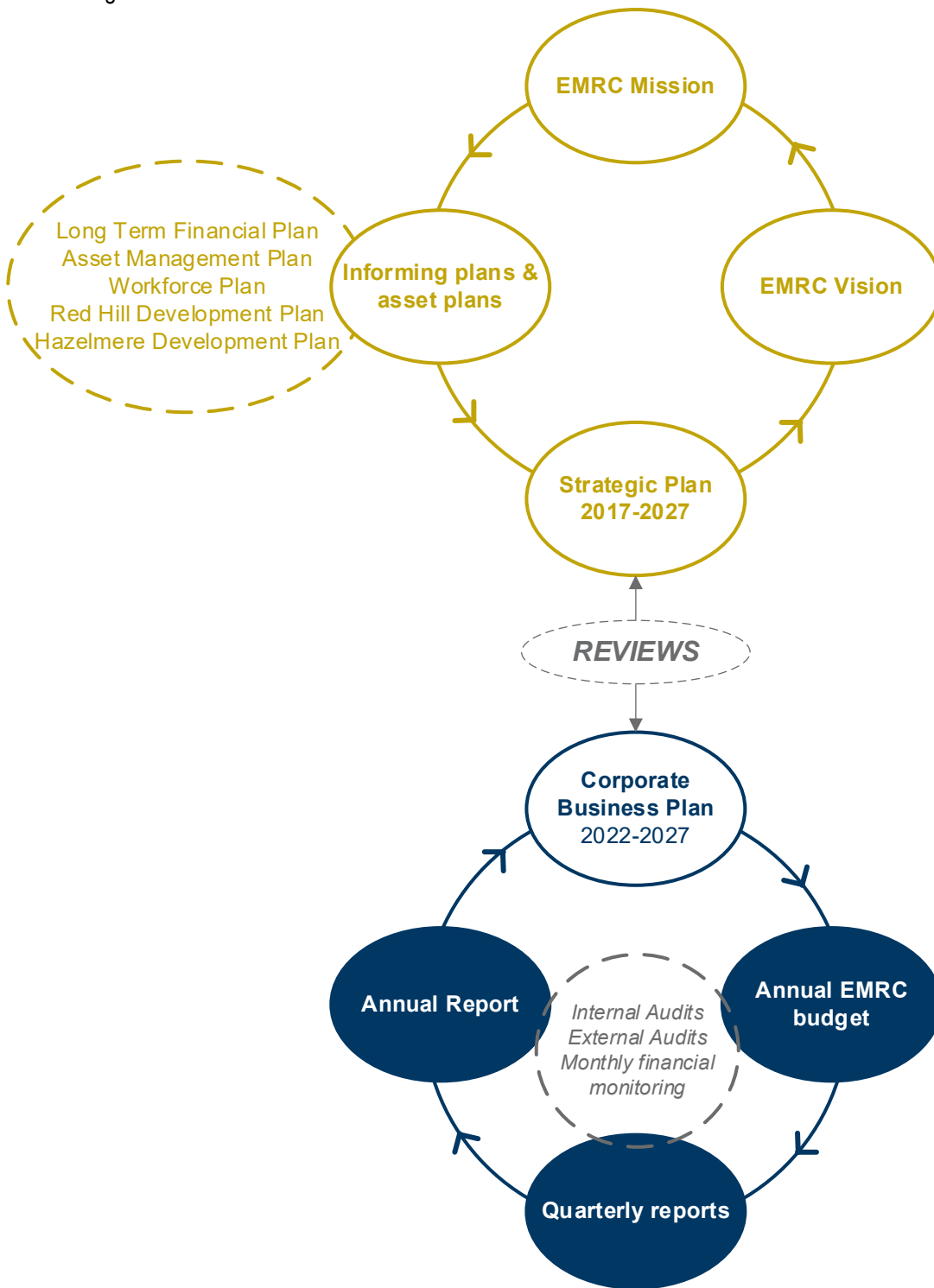
Whilst the EMRC takes a lead role in implementing a range of initiatives, the partnership with stakeholders is critical in delivering sustainable outcomes for Perth's Eastern Region. This is underpinned by the EMRC's Stakeholder Engagement Plan. The EMRC's stakeholders are:

- The EMRC and member Council Elected Members
- The EMRC and member Council Staff
- Customers and clients
- Other local governments and regional local governments
- Federal Government Agencies
- State Government Agencies
- Non-Government Agencies
- State and Federal elected members
- Educational institutions
- Business Groups in the EMRC region
- Community, Reference and Advisory Groups in the region
- Residents of Perth's Eastern Region
- Visitors and Tourists to Perth's Eastern Region
- Businesses
- Investors
- Volunteers

Integrated Planning Framework

The EMRC's Integrated Planning Framework has been developed to ensure that programs and services are being delivered in alignment with the strategic priorities of the EMRC's key stakeholders. The 10 Year Strategic Plan identifies the overarching outcomes that the EMRC Council aspires to achieve.

The Corporate Business Plan is used to drive operational activities and is aligned to the priorities identified in the 10 Year Strategic Plan. These documents two comprise the EMRC's Plan for the Future. Strategic high level plans guide development of actions which are prioritised during annual business planning workshops, and resourced through the annual budget.



Corporate Business Plan – Legislative Requirements

Section 5.56(1) and (2) of the *Local Government Act 1995* (the Act) requires that each local government is 'to plan for the future of the district', by developing plans in accordance with the regulations.

The *Local Government (Administration) Regulations 1996* (the Regulations) requires each local government to adopt a Strategic Community Plan and a Corporate Business Plan.

Both these documents comprise a local government's 'plan for the future' under the requirements of s.5.56 of the Act.

With reference to the Corporate Business Plan the Regulations state:

19DA. Corporate business plans, requirements for (Act s. 5.56)

- 1) A local government is to ensure that a corporate business plan is made for its district in accordance with this regulation in respect of each financial year after the financial year ending 30 June 2013.
- 2) A corporate business plan for a district is to cover the period specified in the plan, which is to be at least 4 financial years.
- 3) A corporate business plan for a district is to -
 - (a) set out, consistently with any relevant priorities set out in the strategic community plan for the district, a local government's priorities for dealing with the objectives and aspirations of the community in the district; and
 - (b) govern a local government's internal business planning by expressing a local government's priorities by reference to operations that are within the capacity of the local government's resources; and
 - (c) develop and integrate matters relating to resources, including asset management, workforce planning and long-term financial planning.
- 4) A local government is to review the current corporate business plan for its district every year.
- 5) A local government may modify a corporate business plan, including extending the period the plan is made in respect of and modifying the plan if required because of modification of the local government's strategic community plan.
- 6) A council is to consider a corporate business plan, or modifications of such a plan, submitted to it and is to determine* whether or not to adopt the plan or the modifications.
**Absolute majority required.*
- 7) If a corporate business plan is, or modifications of a corporate business plan are, adopted by the council, the plan or modified plan applies to the district for the period specified in the plan.

How to use the Corporate Business Plan

The Corporate Business Plan is informed by a suite of documents:

COMPONENT	DESCRIPTION	REVIEW
Corporate Business Plan	<p>The Corporate Business Plan is an essential management tool designed to ensure that the organisation as a whole is able to deliver on Council's high-level priorities.</p> <p>It summarises the services, operations and projects the EMRC will deliver over the next five years.</p>	Reviewed annually
Financial Plans	<p>The 10 year and 5year financial plans enable delivery of projects and services.</p> <p>Both these plans:</p> <ul style="list-style-type: none"> ➤ project the EMRC's financial position over a period of time ➤ provide the EMRC reliable information to develop the capacity for maintaining financial sustainability ➤ enable the EMRC to fund and replace capital projects ➤ enable the EMRC to fund projects, programs and services ➤ enable the EMRC to manage investments 	Reviewed annually
Strategic Plans	<p>Strategic high-level plans have been developed for specific issues. Examples include but are not limited to the following:</p> <ul style="list-style-type: none"> ➤ Red Hill Development Plan – to manage the future development of Red Hill Waste Management Facility ➤ Food Organics and Garden Organics (FOGO) Strategy for the EMRC 2019-2022 ➤ Hazelmere Resource Recovery Park Development Plan ➤ Workforce Plan ➤ Asset Management Plan ➤ Sustainability Strategy <p>A short description of each of the strategic plans can be found at Appendix One.</p>	As identified within each plan

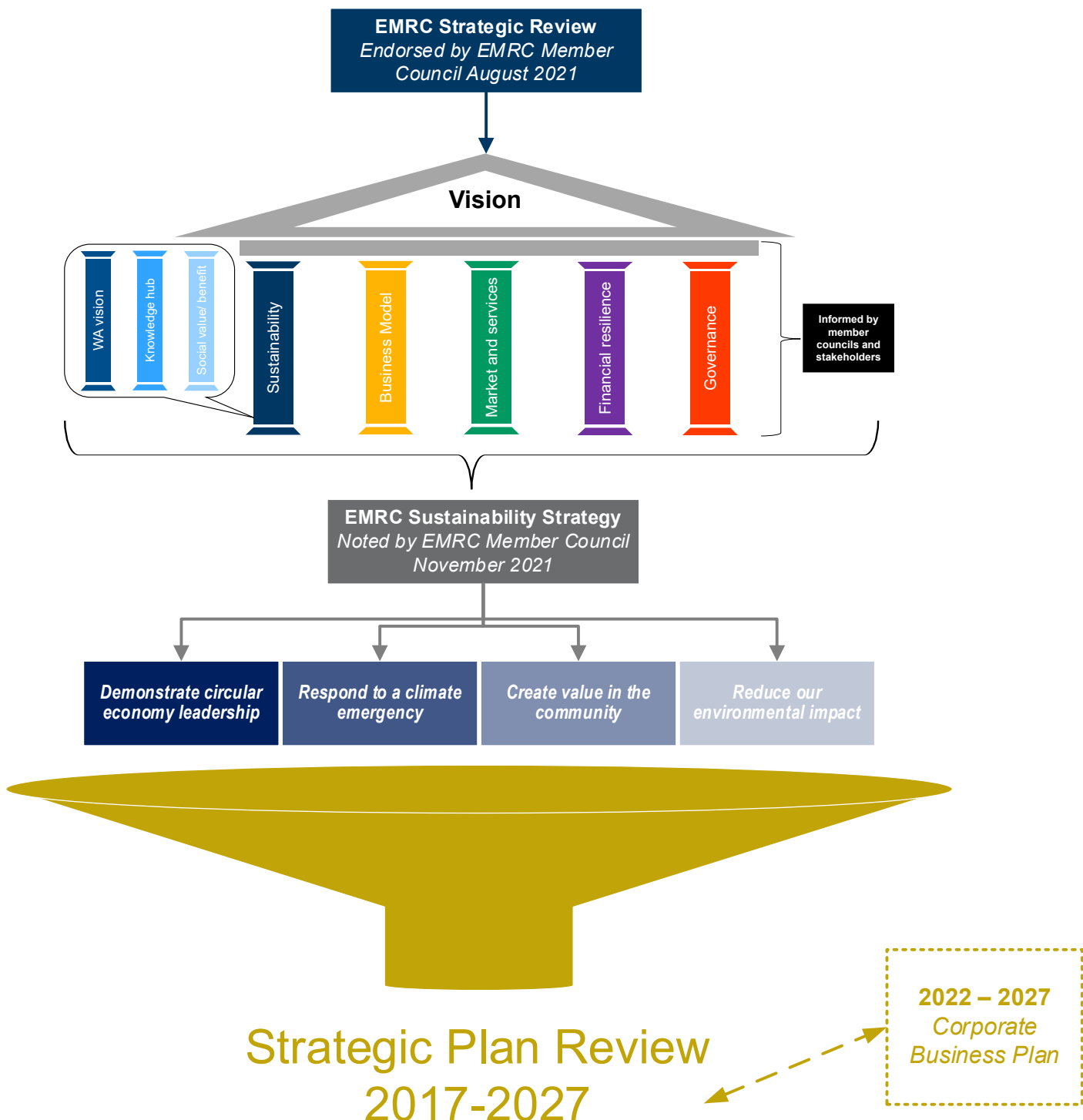
Notes:

- The Corporate Business Plan guides the development of the EMRC's annual Budget.
- This Corporate Business Plan provides high level information on capital and operating projects planned over the next five years.
- Planned capital projects in excess of \$100,000 and key projects, programs and services (operating budget) are included in the Corporate Business Plan.
- Other ad hoc projects that arise during the life of this Plan will be dealt with via normal approvals processes including preparation of Business Plans and reports to Council.
- Detailed expenditure is provided in the five and ten year financial plans.
- Detailed project information is found in the relevant strategies and also in project plans

Delivering the Corporate Business Plan

The Corporate Business Plan identifies projects, programs and services that will be delivered over the next five years. To ensure that these meet our stakeholders' needs the EMRC undertook a Strategic Review of the organisation, which was endorsed by the EMRC Council in August 2021. The EMRC then developed a Sustainability Strategy which was presented to Council for noting in November 2021 and for final endorsement in May 2022. Both of these documents have assisted in guiding the development of the EMRC's Corporate Business Plan 2022/2023 - 2026/2027 and the major review of the EMRC's Strategic Plan 2017-2027.

The strategic plans that underpin and inform the 10 year Strategic Plan and the 5 year Corporate Business Plan are key reference points that form the basis for identifying priority projects and initiatives, which are then recommended to Council during the budget deliberation process for funding.



Organisational Structure

Office of the Chief Executive Officer

	SERVICES
Office of the CEO	<ul style="list-style-type: none"> ➤ Advocacy ➤ Corporate Communications and Marketing ➤ Public relations ➤ Stakeholder engagement and relationships ➤ Corporate functions ➤ Strategic and corporate planning ➤ Organisational development
Human Resources	<ul style="list-style-type: none"> ➤ Human resource management ➤ Occupational safety and health

FTE	8.26
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Projects Team

	SERVICES
Project Development	Red Hill Waste Management Facility (RHWMF) - Projects <ul style="list-style-type: none"> ➤ RHWMF site development ➤ FOGO project development ➤ Liquid Waste ➤ Engineering design and project management
Waste Environmental Compliance and Regulatory	<ul style="list-style-type: none"> ➤ Environmental Compliance ➤ Environmental Advice

FTE	15.60
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Operations Team

	SERVICES
Waste Management Operations	Red Hill Waste Management Facility – Operations <ul style="list-style-type: none"> ➤ RHWMF site operations ➤ Red Hill Community Recycling Centre ➤ Greenwaste processing ➤ Interim FOGO facility Community Recycling Centres (CRC) (operated by the EMRC on behalf of the Shire of Mundaring) <ul style="list-style-type: none"> ➤ Coppin Road ➤ Mathieson Road (operated by the EMRC on behalf of the City of Bayswater) <ul style="list-style-type: none"> ➤ Baywaste CRC
Resource Recovery Operations	Hazelmere Resource Recovery Park (HRRP) - Operations <ul style="list-style-type: none"> ➤ HRRP site operations ➤ Mattress processing; ➤ Whitegoods receipt ➤ Timber recycling ➤ Wood Waste to Energy Plant- operations ➤ Western Power pole stripping and shredding

FTE	61.05
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Sustainability Team

	SERVICES
Urban Environment Team	<ul style="list-style-type: none"> ➤ Circular Economy and Net Zero ➤ Sustainability (including transport) ➤ Regional Events ➤ Climate change – Future Proofing ➤ Achieving Carbon Emissions reduction (ACEr) ➤ Water Sensitive Futures Program
Waste Education Team	<ul style="list-style-type: none"> ➤ Waste Education program and services ➤ FOGO ➤ Waste guides ➤ Waste Plan ➤ Waste Education Centre Red Hill ➤ Red Hill Tours ➤ Battery collection program ➤ Earth carers ➤ Research and trials with external agencies

FTE	15.13
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Business Support Team

	SERVICES
Procurement and Governance	<ul style="list-style-type: none"> ➤ Governance and Compliance ➤ Risk Management ➤ Procurement, Fleet & Building (Ascot Place)
Information Services	<ul style="list-style-type: none"> ➤ Help Desk ➤ IT Projects ➤ Records management
Finance Services	<ul style="list-style-type: none"> ➤ Financial management and reporting ➤ Asset management ➤ Payroll

FTE	15.63
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Structure of the Corporate Business Plan

The revised draft Corporate Business Plan is built on the foundation of four key themes identified within the Strategic Review, the Sustainability Strategy, and the revised draft **10 Year Strategic Plan 2017 to 2027**. The Corporate Plan sets out the objective and actions that staff will undertake to deliver on Council's strategic priorities, which are largely underpinned by *"Promoting sustainable waste management and a transition to a circular economy"*.



Demonstrate circular economy leadership:

We will use our experience to provide circular based resource recovery solutions for Perth's Eastern Region and act as a knowledge hub for waste avoidance strategies.

Respond to a climate emergency:

We will reduce carbon impacts to achieve net zero and understand the risks associated with climate change to Perth's Eastern Region.

Reduce our environmental impact:

We will lead by example by reducing environmental impact through efficient operations, forward thinking, and supporting circular and sustainable initiatives in the region.

Create value in the community:

We will establish and support projects in the community that create social value from a residential level through to commercial levels

Capital Works Program

The table below identifies the Capital Works Program over the ensuing period, for all projects over \$100,000, which are approved during the annual budget process. Quarterly reporting on the actions associated with the Corporate Business Plan track the progress of all activities.



Five Year Capital Expenditure Statement Forecast Provisions > \$100,000

Description and G/L Number	2022/2023	2023/2024	Forecasts		
			2024/2025	2025/2026	2026/2027
Business Support					
Purchase Vehicles - Ascot Place (24440/00)	\$186,000	\$314,000		\$307,000	\$193,000
Purchase Information Technology & Communication Equipment (24550/00)	\$105,000		\$157,000	\$166,000	
Capital Improvement Administration Building - Ascot Place (25240/01)	\$458,000				
Operations Team					
Gas Extraction System Wells - Red Hill Landfill Facility (24399/20)		\$200,000		\$200,000	
Purchase / Replace Plant - Red Hill Landfill Facility (24410/00)	\$950,000	\$2,775,000	\$2,940,000	\$3,195,000	\$2,165,000
Purchase / Replace Plant - Hazelmere (24410/01)	\$2,445,000	\$1,285,000	\$750,000	\$1,570,000	\$350,000
Purchase / Replace Minor Plant and Equipment-Red Hill Landfill Facility (24420/00)	\$495,000	\$250,000	\$250,000	\$250,000	\$250,000
Purchase / Replace Minor Plant and Equipment - Hazelmere (24420/02)	\$299,000				
Purchase / Replace Vehicles - Red Hill Landfill Facility (24430/00)	\$307,000		\$141,000	\$166,000	\$188,000
Purchase / Replace Other Equipment - Red Hill Landfill Facility (24590/00)	\$120,000				
Refurbish Plant - Red Hill Landfill Facility (25410/00)	\$1,200,000	\$300,000	\$300,000	\$300,000	\$300,000
Projects Team					
Construct Workshop No 3 - Red Hill Landfill Facility (24250/08)	\$617,257				
Construct Wood Waste to Energy Building - HRRP (24259/05)	\$459,459				
Construct Community Recycling Centre (CRC) - HRRP (24259/06)	\$129,906				
Construct Commercial Transfer Station - HRRP (24259/10)	\$2,668,372				
Upgrade Power Supply to Workshop No 2 - Red Hill Landfill Facility (24259/15)	\$249,976				
Install Power Supply to Lots 8 9 & 10 - Red Hill Landfill Facility (24259/16)	\$538,326	\$500,000			
Construct Wood Waste to Energy Building (Pre-Commissioning) - HRRP (24259/18)	\$1,680,869				
Wood Waste to Energy Plant - Fire Protection - HRRP (24259/22)	\$200,000				
Construct Class III Cell Stage 17 - Red Hill Landfill Facility (24310/21)	\$1,068,677	\$2,250,000			
Design and Construct Class IV Cell Stage 3 - Red Hill Landfill Facility (24330/05)	\$1,297,003	\$4,000,000			\$2,000,000
Construct Roads / Carparks - Red Hill Landfill Facility (24370/00)	\$248,319	\$127,060	\$127,870	\$128,710	\$129,570
Construct Access Road to Lots 8 9 10 - Red Hill Landfill Facility (24370/02)	\$682,751	\$500,000			
Resource Recovery Park - Noise Control Fencing (24394/06)	\$198,842				
Implementation of the FOGO Recovery Strategy (24395/07)	\$356,144				
Construct Monitoring Bores - Red Hill Landfill Facility (24396/00)	\$150,000				
Wood Waste to Energy Utilities/Infrastructure - HRRP (24399/11)	\$335,327				
Liquid Waste Project - Red Hill Landfill Facility (24399/16)	\$1,775,931				
Air Pollution Control Residue Facility (APCR) - Red Hill Landfill Facility (24399/21)	\$2,850,000				
Extension of Sewer Line from WWTe to Sewer Sump & existing ATU - HRRP (24399/23)	\$180,000				
Sewer Line from Lakes Rd to Mary St - HRRP (24399/24)	\$294,405				
Liquid Waste Project Plant - Red Hill Landfill Facility (24410/11)	\$550,000				
Air Pollution Control Residue Facility (APCR) Plant & Equip. - Red Hill Landfill Facility (24410/15)	\$964,000				
Commercial Transfer Station - CCTV and Network - HRRP (24530/11)	\$250,000				
Commercial Transfer Station - Thermal Cameras - HRRP (24530/12)	\$150,000				
TOTAL	\$24,460,564	\$12,501,060	\$4,665,870	\$6,282,710	\$5,575,570

Demonstrate circular economy leadership:

OBJECTIVE: To use our experience to provide circular based resource recovery solutions for Perth's Eastern Region and act as a knowledge hub for waste avoidance strategies

1.1 Enable circular economy initiatives through advocacy networks by 2025

KEY ACTIONS	Responsible Officer	BUDGET	22/23	23/24	24/25	25/26	26/27
		Capital or Operating budget					
Map stakeholders and areas of influence and impact to develop a targeted engagement plan (e.g. member Councils, commercial waste customers, government policy drivers)	CEO	Operating	✓		✓		✓
Engage through regular industry-based and community-based advocacy meetings to discuss and identify new circular economy and net zero ventures and opportunities and achieve outcomes	CSO	Operating	✓	✓	✓	✓	✓
Create strategic partnerships and alliances which aim to achieve positive outcomes for the region and beyond, build resilience and secure funding (where relevant)	CEO	Operating	✓	✓	✓	✓	✓
Map alignment and circularity gaps between advocacy programs and partnerships for identification of future circular economy initiatives including sustainable transport	CEO	Operating	✓		✓		✓

1.2 80% resource recovery of waste generated in the region by 2030

KEY ACTIONS	Responsible Officer	BUDGET	22/23	23/24	24/25	25/26	26/27
		Capital or Operating budget					
Develop a waste resources flow model for the EMRC and its member Councils, which be expanded to include other materials/resources such as water, energy, and carbon	CEO	Operating	✓	✓		✓	
Develop a sales and share model for use of recovered material across member Council areas	COO	Operating		✓		✓	
Establish and provide member Councils with waste and recycling guides. This should include the integration of FOGO waste guides	CSO	Operating	✓	✓		✓	
Determine high-value use for the existing C&I processing building at Hazelmere RRP	COO	Capital	✓	✓			

1.3 80% reuse of material at all EMRC operated sites by 2040

KEY ACTIONS	Responsible Officer	BUDGET	22/23	23/24	24/25	25/26	26/27
		Capital or Operating budget					
Map our current waste production profile for benchmarking (as an organisation) and align with the EMRC's FOGO Strategy where applicable	CEO	Operating	✓	✓			✓
Regularly review and implement initiatives in line with the Red Hill and Hazelmere Development Plans	CPO	Operating	✓	✓	✓	✓	✓
Develop, facilitate and participate in activities of the regional waste education and resource recovery steering groups	CSO	Operating	✓	✓	✓	✓	✓
Regularly review local government procurement guidelines and processes for sustainable decision making	CFO	Operating	✓	✓	✓	✓	✓
Regularly review local government sales requirements for sustainable decision making	COO	Operating	✓	✓	✓	✓	✓
Identify and facilitate supply chain awareness and outcomes for product production e.g. FOGO products, woodchips, construction materials, using the EMRC as the first point of call	COO	Operating	✓	✓		✓	

Respond to a climate emergency:

OBJECTIVE: To reduce carbon impacts to achieve net zero and understand the risks associated with climate change to Perth's Eastern Region

2.1 Infrastructure adaptation and education by 2030

KEY ACTIONS	Responsible Officer	BUDGET	22/23	23/24	24/25	25/26	26/27
		Capital or Operating budget					
Undertake asset management assessment, workforce planning and long term financial planning for all EMRC owned infrastructure	CFO	Operating	✓		✓		✓
Identify and evaluate land-use options at EMRC sites to maximise future resource recovery program	CPO	Capital	✓	✓			✓

2.2 Below zero carbon emissions by 2040

KEY ACTIONS	Responsible Officer	BUDGET	22/23	23/24	24/25	25/26	26/27
		Capital or Operating budget					
Map and benchmark energy usage and consumption rates across all sites e.g. energy use, vehicle fuel consumption, auditing requirements, early stage asset management	COO	Operating	✓		✓		✓
Establish a decarbonisation plan to achieve “Below zero emissions by 2040” target. This should include consideration of decarbonisation project ideas presented in the strategic review e.g. opportunities for onsite use or export of heat energy for value-adding processes or sale to surrounding industrial businesses, electric fleet procurement	CEO	Operating	✓		✓		✓
Create Annual Energy and Emission Data Analysis Report and Snapshot for goal tracking. Develop and publish the SDG annual report card	CSO	Operating	✓	✓	✓	✓	✓

2.3 Sustainability integrated into management processes

KEY ACTIONS	Responsible Officer	BUDGET	22/23	23/24	24/25	25/26	26/27
		Capital or Operating budget					
Establish a decision-making framework to include sustainability for operational and capital expenditure	COO	Operating	✓		✓		✓
Include sustainable decision-making frameworks in procurement templates, evaluation and processes of all projects	CFO	Operating		✓		✓	
Review projects quarterly to identify examples where sustainable decision making and other actions have been applied to a project. This should include the identification of design engineering for front-end material reuse programs	CPO	Operating	✓	✓	✓	✓	✓
Implement a sustainability performance review for each team and identify sustainability criteria for environmental, social, governance (ESG) decision making	CEO	Operating	✓		✓		✓
Establish regular internal collaboration sessions to identify new sustainability initiatives, for consideration by Council, and revisit ongoing initiatives.	CSO	Operating	✓	✓	✓	✓	✓

Reduce our environmental impact:

OBJECTIVE: To lead by example and reduce environmental impact through efficient operations, forward thinking and supporting circular and sustainability initiatives in the region

3.1 Regional Urban programs implemented

KEY ACTIONS	Responsible Officer	BUDGET	22/23	23/24	24/25	25/26	26/27
		Capital or Operating budget					
Maintain programs related to sustainability goals and review in participating Councils' annual programs reports	CSO	Operating	✓	✓	✓	✓	✓
Review and complete annual water plans in alignment with Waterwise Council Accreditations	CSO	Operating	✓	✓	✓	✓	✓
Facilitate and/or participate in industry-based and community-based advocacy meetings to discuss, identify and prioritise new, or ongoing, circular economy, net zero and sustainability regional programs	CSO	Operating	✓	✓	✓	✓	✓

3.2 Contribute to a decrease in illegal waste disposal by 2040

KEY ACTIONS	Responsible Officer	BUDGET	22/23	23/24	24/25	25/26	26/27
		Capital or Operating budget					
Establish campaigns to create a recover, reuse, recycle, return, repair and drop off culture to increase recovery rates and combat illegal dumping	CSO	Operating	✓	✓		✓	
Consider programs for recovery of construction and demolition waste e.g. bricks, timber, sand, soil, concrete and other resource recovery initiatives	CPO	Operating	✓	✓		✓	

3.3 EMRC wide environmental management system

KEY ACTIONS	Responsible Officer	BUDGET	22/23	23/24	24/25	25/26	26/27
		Capital or Operating budget					
Review and develop the framework the EMRC will use going forward in terms of its Environmental Management System Framework i.e. in alignment with ISO14001 or equivalent	CPO	Operating	✓		✓		✓
Establish compliance monitoring, reporting and review processes in alignment with the EMRC's Environmental Management System (e.g. NGRS, NPI etc)	CPO	Operating	✓		✓		✓

Create value in the community:

OBJECTIVE:

To establish and support projects in the community that create social value from a residential level through to commercial levels

4.1 Community based source separation initiatives by 2027

KEY ACTIONS	Responsible Officer	BUDGET	22/23	23/24	24/25	25/26	26/27
		Capital or Operating budget					
Establish community engagement initiatives for source separation opportunities including education hubs, school programs, community group support and bin tagging	CSO	Operating	✓	✓	✓	✓	✓
Utilise current community programs to provide education and tools on material re-use and issues regarding poor source separation	CSO	Operating	✓	✓	✓	✓	✓
Utilise EMRC fleet and other EMRC owned assets as educational billboards for source separation education and requirements	COO	Capital		✓	✓		✓
Establish shared valet service programs for verge collection. This includes a waste classification program for different materials and costings	COO	Capital		✓		✓	

4.2 Use of recovered material in the region by 2040

KEY ACTIONS	Responsible Officer	BUDGET	22/23	23/24	24/25	25/26	26/27
		Capital or Operating budget					
Establish reward and incentive systems dependent on company sustainability rating to encourage better waste management in the region	CEO	Operating	✓		✓		✓
Continue to establish community recycling and reuse networks for exchange of products, reuse and repair initiatives, and identification of regional synergies and seed funding	CEO	Operating	✓	✓	✓	✓	✓
Identify member council uses for recovered materials e.g. woodchip mulching, FOGO fertiliser products, construction materials, road surfacing, energy reuse, through long term commercial arrangements	CEO	Operating	✓		✓		✓

4.3 Increased participation in behaviour change programs

KEY ACTIONS	Responsible Officer	BUDGET	22/23	23/24	24/25	25/26	26/27
		Capital or Operating budget					
Provide education for waste solutions that are in line with WA Waste Strategy and waste hierarchy	CSO	Operating	✓	✓		✓	
Benchmark and monitor participation rates in EMRC sustainability programs	CSO	Operating	✓	✓	✓	✓	✓
Expand the current Sustainability Stakeholder Engagement Plan to include a focus on sustainability, in collaboration with stakeholders	CSO	Operating	✓		✓		✓

Key Performance Indicators and Measures of Success

In order to gauge the success of the EMRC implementing the actions outlined in the Strategic Plan a set of Key Performance Indicators (KPIs) have been identified below. Regular reporting on the progress of agreed tasks will be performed through the quarterly updates of the Corporate Business Plan, which are aligned with this Plan.

The EMRC will measure its success in implementing the strategic plan which will include, but not necessarily be limited to the following KPIs:

- Overall stakeholder satisfaction with the EMRC;
- Level of satisfaction with waste management and resource recovery services, including education;
- Financial sustainability of the organisation;
- Progression towards achieving the identified targets and actions;
- Overall satisfaction with achieving partnerships and securing funding; and
- Level of satisfaction in driving circular economy, sustainability and SDG alignment.

The EMRC will know it has been successful when it has satisfactorily achieved the above but also through achieving the following actions:

- Developed and Implement an Integrated Planning Framework;
- Monitored and Managed Strategic Risks;
- Developed and implemented Policies and Management Guidelines (within four year cycles);
- Effectively and efficiently Implemented the recommendations of the EMRC Council within prescribed timelines;
- Achieved a high standard of corporate governance and compliance;
- Developed a Long-Term Financial Plan (LTFP) and financial models;
- Developed an Asset Management Plan (AMP); and
- Ensured that projects were planned and executed in accordance with Strategic Business Plans and Strategies and delivered on time, on budget and in accordance with member Council expectations.

Reporting and Review

Reporting

It is intended to provide periodic reports to Council against the Corporate Business Plan.

The *Local Government (Administration) Regulations 1996* (the Regulations) in relation to reporting states:

19CA. Information about modifications to certain plans to be included (Act s. 5.53(2)(i))

- 1) This regulation has effect for the purposes of section 5.53(2)(i).
- 2) If a modification is made during a financial year to a local government's strategic community plan, the annual report of the local government for the financial year is to contain information about that modification.
- 3) If a significant modification is made during a financial year to a local government's corporate business plan, the annual report of the local government for the financial year is to contain information about that significant modification.

Where applicable the EMRC will also provide a report against the Corporate Plan through its Annual Report.

Reviewing

The Corporate Business Plan will be reviewed annually in accordance with current legislation. Any significant modifications will be the subject of future reports to Council.

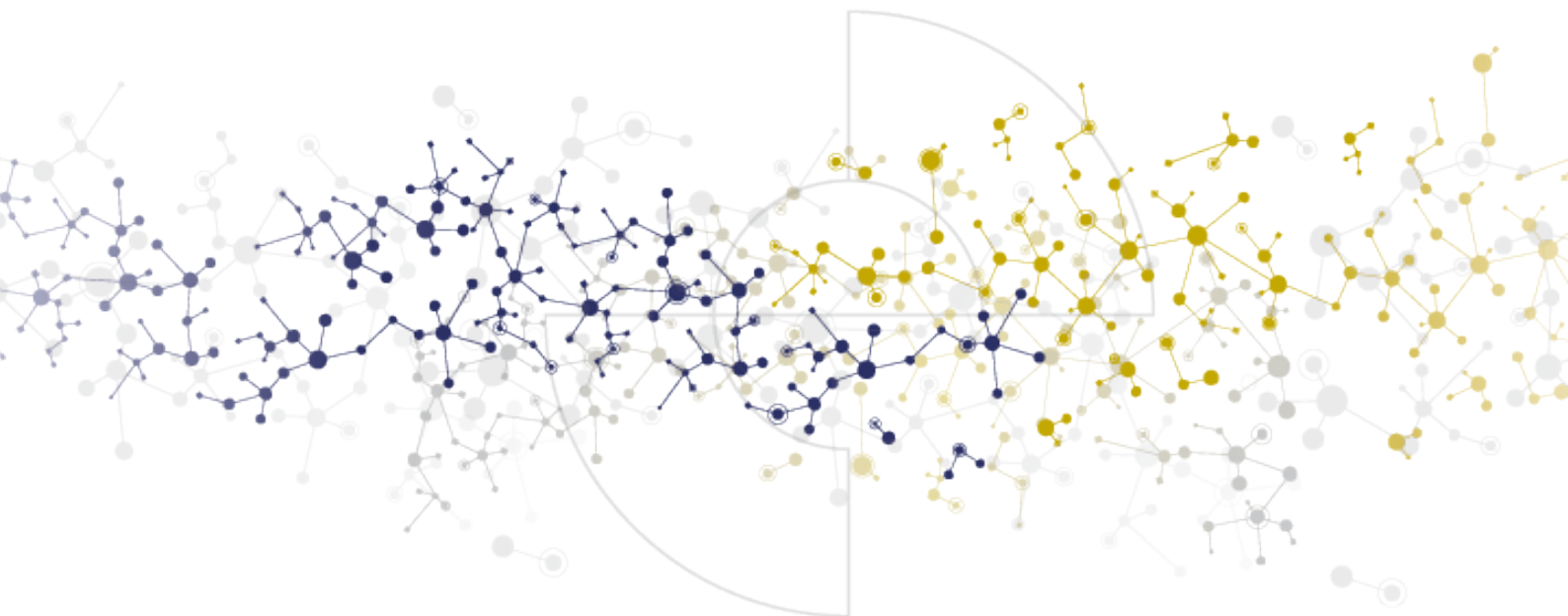
Appendix One - Strategic High Level Plans

Document	Description
Asset Management Plan (AMP)	This plan defines current levels of service and the processes used to manage each of EMRC's asset classes.
Business Continuity Plan	This Plan outlines the key steps to be taken by the EMRC to respond to and recover from a disaster.
Corporate Business Plan	This plan sets out the projects and services EMRC will deliver to achieve the outcomes identified in the 10 Year Strategic Plan.
Code of Conduct	The Code of Conduct provides members and employees with consistent guidelines for an acceptable standard of professional conduct.
Council Policies	Council Policies are developed and adopted by the EMRC Council.
Establishment Agreement	This document was signed by all EMRC member Councils in 1998 and is the basis for the delivery of ongoing and new services to member Councils.
Long Term Financial Plans	The 10 year and 5 year financial plans enable delivery of projects and services.
Food Organics and Garden Organics (FOGO) Strategy for the EMRC 2019-2022	This strategy will help guide the journey towards optimal recovery of FOGO materials.
<i>Local Government Act 1995</i>	The EMRC operates under the <i>Local Government Act 1995</i> and associated regulations.
Management Guidelines	Management Guidelines are developed and adopted by the Executive team in relation to internal operations
Red Hill Development Plan	This plan indicates infrastructure requirements for the ongoing development of the Red Hill Waste Management Facility.
Red Hill Environmental Management System	The Red Hill Environmental Management System provides a structured framework for implementing environmental protection programs which assist in managing potential environmental impacts of the Red Hill Waste Management Facility operations.
Sustainability Strategy	A new draft Sustainability Strategy was developed and presented to Council at its November 2021 meeting, further revised and re-presented to Council at its May Forum and May Council meeting for adoption
Occupational Safety and Health Plan (OS&H)	This plan provides a framework for protection of EMRC staff and property, and other people who may interface with EMRC operations.
Stakeholder Engagement Plan	This plan provides guidance, priority and frequency of stakeholder engagement.
Stakeholder Perception Survey Reports	The EMRC surveys stakeholders biennially to collect information on stakeholder perceptions.
Workforce Plan	This plan enables the EMRC to ensure that it has a workforce capable of delivering organisational objectives now and in the future.

FOR FURTHER INFORMATION PLEASE CONTACT

Eastern Metropolitan Regional Council
226 Great Eastern Highway
Belmont WA 6104
Phone: 9424 2222

THIS PLAN WILL BE MADE AVAILABLE ELECTRONICALLY AND WILL ALSO BE AVAILABLE ON THE EMRC'S WEBSITE





11.2 EASTERN METROPOLITAN REGIONAL COUNCIL (EMRC) 2022/2023 DRAFT ANNUAL BUDGET

D2022/06617

PURPOSE OF REPORT

The purpose of this report is to present the 2022/2023 Draft Annual Budget for Council adoption.

KEY POINT(S)

- The 2022/2023 Draft Annual Budget has been prepared using the Ten Year Financial Plan 2022/2023 - 2031/2032 that has been reviewed and adjusted to take into consideration:
 - ⇒ Forecast financial results for 2021/2022;
 - ⇒ Budget provisions from 2021/2022 required to be carried forward into the 2022/2023 Budget;
 - ⇒ The draft 2022/2023 fees and charges relating to Waste Management, Sustainability, and Administration; and
 - ⇒ Other variations and adjustments as outlined within the report.

AC RESOLUTION(S)

That:

1. The Audit Committee endorses the EMRC 2022/2023 Annual Budget.
2. The EMRC 2022/2023 Annual Budget be referred to Council for adoption at its 23 June 2022 meeting.

AC RECOMMENDATION(S)

That:

1. Council, by absolute majority, in accordance with section 6.2(1) of the *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996*, adopts the EMRC 2022/2023 Annual Budget and supporting schedules which have been prepared in compliance with the Australian Accounting Standards.
2. For the 2022/2023 financial year a material variance percentage of 10% of the appropriate base, or a dollar value of \$20,000, whichever is the greater, be adopted for reporting variances in the statements of financial activity.
3. In accordance with Regulation 33 of the *Local Government (Financial Management) Regulations 1996*, a copy of the 2022/2023 Annual Budget be submitted to the Departmental CEO, Department of Local Government, Sport and Cultural Industries, within 30 days of its adoption by Council.

SOURCE OF REPORT

Chief Financial Officer

BACKGROUND

- 1 Section 6.2(2) of the *Local Government Act 1995* states "In the preparation of the annual budget the local government is to have regard to the contents of the plan for the future of the district made in accordance with section 5.56".
- 2 EMRC's Strategic Community Plan titled EMRC - 10 Year Strategic Plan 2017 - 2027, adopted by Council on 18 August 2016 (Ref: D2016/10193) and the Corporate Business Plan 2022/2023 to 2026/2027 (Ref: Report Item 11.1), considered as part of this Council Agenda, together constitute the EMRC's 'Plan for the Future' in accordance with section 5.56 of the *Local Government Act 1995*. From 30 June 2017 onwards, both plans must be taken into account in budget preparations.



- 3 The 2022/2023 Annual Budget draws from the priorities as identified in the EMRC's 'Plan for the Future'.
- 4 As part of the budget preparation process, financial forecasts within the EMRC's Ten Year Financial Plan are regularly reviewed in order to provide an indicative forecast of the EMRC's ten year financial position.
- 5 The revised plan includes key assumptions which provide the framework for the 2022/2023 budget and includes fees and charges for Waste Management and fees and charges and project funding for the Sustainability Team.
- 6 Budget reviews were undertaken by the Executive Leadership Team during February to May 2022 to ensure the budget accurately reflected the planned operations for 2022/2023 and beyond. Two Budget Briefing sessions were also held with Councillors on 21 April 2022 and 12 May 2022.
- 7 The EMRC's Ten Year Financial Plan tonnage forecasts are reviewed regularly and have been used to derive forecast income and expenditure for the Red Hill Waste Management Facility (RHWMF) and Hazelmere Resource Recovery Park (HRRP). These tonnages are included within the budget document (refer page 35 of the attachment).
- 8 All business units have developed detailed financial estimates for 2022/2023 to 2031/2032. These estimates have been entered into the EMRC's financial management system to produce the ten year financial forecasts.
- 9 As the EMRC will not commence the process of preparing its Annual Financial Statements for 2021/2022 until July 2022, the forecast results for 2021/2022 have been used as a basis for the finalisation of the 2022/2023 Budget.

REPORT

- 10 In producing the 2022/2023 Budget, the EMRC's Ten Year Financial Plan has been reviewed and adjusted to take into consideration the following:
- ⇒ Forecast financial results for 2021/2022; and
 - ⇒ Budget provisions from 2021/2022 required to be carried forward into the 2022/2023 Budget.
- 11 The budgeted 2022/2023 Net Result from operations of \$2,577,370 compares to a forecast surplus in 2021/2022 of \$4,950,794 and the budget in 2021/2022 of \$4,356,672.
- 12 Major variances to the 2021/2022 forecasts are attributable to:
- ⇒ An increase of an estimated \$1.4m in income for User Charges primarily due to disposal charges of \$2.6m at the RHWMF APCR facility, \$10.8m income relating to the diversion of member Council tonnages from the RHWMF to the Hazelmere Transfer Station (HTS) and the general increase in fees & charges for 2022/2023. This is offset by a reduction of approximately \$4.5m from the disposal of commercial tonnes and approximately \$7.6m from the disposal of member Council tonnages to landfill;
 - ⇒ A decrease in income of \$2.06m for the Secondary Waste Charge due to tonnages being diverted from the RHWMF via the HTS during 2022/2023.
 - ⇒ A decrease in contribution income for 2022/2023 of approximately \$50,000 toward various projects during 2022/2023.
 - ⇒ An increase of approximately \$302k in interest earnings due to the budgeted interest rate for 2022/2023 being set at 1.70% compared to a rate of 0.375% for 2021/2022. This rate was calculated from advice received from the EMRC's investment advisors and is reflective of the expected average interest rates over the next 12 months.
 - ⇒ An increase of approximately \$350k for the Sale of various products.



- ⇒ Lower landfill levy expenses of approximately \$2.06m due to tonnages being diverted from the RHWMF via the HTS during 2022/2023. This is off-set by additional disposal costs of approximately \$4.9m for tonnages transferred from the HTS.
- ⇒ Higher Salary Expenses of approximately \$1.8m due to the budgeting for a full year of vacant and unfilled positions together with budget provisions for 4 x new positions and a budgeted wages & salaries increase of 3%. The budgeted increase from the 2021/2022 budget provision is approximately \$700k.

Key Budget Assumptions

13 The following key assumptions have been used in the development of the Ten Year Financial Plan and the 2022/2023 Budget (all values are exclusive of GST):

- ⇒ An increase of \$5.00 per tonne in the member Council base waste disposal charge;
- ⇒ An increase of \$0.50 per tonne in the Comprehensive Waste Education Strategy (CWES) Levy to \$5.00 per tonne for 2022/2023;
- ⇒ No increase be applied for the Secondary Waste charge since Council's resolution on 23 May 2019 (Ref: D2019/07296);
- ⇒ An increase of \$4.55 per tonne in the Commercial Waste Disposal charge;
- ⇒ The C & I rate has increased by \$13.64 per tonne to \$163.64 per tonne;
- ⇒ The C & I Bulk Verge collection has increased by \$13.64 per tonne to \$163.64 per tonne.
- ⇒ Class III Contaminated Waste charge has increased by \$4.54 per tonne for 2022/2023.
- ⇒ The Food Organics and Garden Organics (FOGO) rate has increased \$3.23 per tonne to \$98.73 per tonne, which is also inclusive of the \$5.00 per tonne Waste Education Levy.
- ⇒ Member Councils uncontaminated greenwaste disposed at the HRRP has increased by \$1.63 per tonne for 2022/2023;
- ⇒ Member Councils uncontaminated greenwaste disposed at the RHWMF has increased by \$1.46 per tonne for 2022/2023;
- ⇒ The rate for the sale of Premium Recycled Wood Chip has increased from \$66.14 per tonne to \$68.09 per tonne.
- ⇒ The rate for the sale of Wood Chip (fines) has increased from \$74.09 per tonne to \$76.27 per tonne.
- ⇒ The rate for Commercial uncontaminated greenwaste disposed at the HRRP has increased by \$1.82 per tonne to \$70.00 per tonne;
- ⇒ Mattress disposal charges of \$27.50 per mattress for member council residents and the rate of \$28.18 per mattress for charitable organisations and commercial clients has remained the same for 2022/2023;
- ⇒ The consulting rates for 2022/2023 for member Councils have increased by an average of 3% for 2022/2023 whilst consulting rates for Other Organisations have increased by an average of 40%;
- ⇒ Increased insurance premiums of 10% have been applied in 2022/2023 for property, plant and equipment and liability insurance;
- ⇒ The average interest rate for term deposit investments for the 2022/2023 financial year is budgeted at 1.70% per annum;
- ⇒ A Fuel Purchase price increase of 10% has been applied in 2022/2023; and
- ⇒ The funding for the Sustainability Team projects is based on the schedules used in the Sustainability Team Projects Proposal presented to Council at its meeting held on 25 November 2021 (Ref: D2021/23189).



Tonnages (page 35 of 62 of the attachment)

- 14 Budgeted total tonnages to the RHWMF for 2022/2023 of 158,572 tonnes is below the 2021/2022 forecast of 239,679 tonnes and below the 2021/2022 budget of 222,770 tonnes.
- 15 57,640 tonnes have been budgeted to go to the HTS during 2022/2023. These tonnages are not reflected in the above tonnages.
- 16 Class IV tonnages have been budgeted at 12,900 tonnes for 2022/2023. This is above the 2021/2022 forecast of 6,500 tonnes and above the 2021/2022 budget of 8,000 tonnes.
- 17 FOGO tonnages have been budgeted at 16,392 for 2022/2023 and represents tonnages to be received from the Town of Bassendean and the City of Bayswater.

	Actual 2019/2020	Actual 2020/2021	Budget 2021/2022	Forecast 2021/2022	Budget 2022/2023
Class III	226,865	216,976	194,490	209,760	122,702 *
Class IV & V	572	4,441	8,000	6,500	12,900
Greenwaste	8,719	6,958	5,015	7,027	6,578
FOGO	0	5,722	15,265	16,392	16,392
TOTAL	236,156	234,097	222,770	236,679	158,572

* Not inclusive of 57,640 tonnes budgeted to go to the HTS.

Disposal Fees and Charges (pages 29-33 of 62)

- 18 The member Council disposal charge for Class III waste for 2022/2023 has been increased from the 2021/2022 rate of \$187.50 per tonne (ex GST) to \$193.00 per tonne (ex GST).

EMRC Consulting Fees (page 33 of 62)

- 19 An average increase of 3% in the consulting rates for member Councils has been proposed for 2022//2023, whilst rates for Other Organisations has increased by an average of 40%.

EMRC Administration Fees and Charges - (page 33 of 62)

- 20 An average increase of 10.6% has been applied to Photocopier charges for 2022/2023.

Statement of Comprehensive Income (pages 2 of 62)

- 21 The budgeted "Net Result" is a surplus of \$2,577,370 for 2022/2023 compared with a budgeted surplus of \$4,356,672 for 2021/2022 and a forecast surplus of \$4,950,794.
- 22 Also provided is a Statement of Comprehensive Income by (Local Government) Program on page 3 of 62.



Staffing Levels

- 23 As part of the budget development, listed below are four (4) new positions that have been identified in the 2022/2023 budget. Positions previously approved and not filled have been carried forward into the 2022/2023 financial year:
- ⇒ 2 x Beverage Container Refund Point (CDS) Attendants - proposed additional attendants for the CDS scheme at the Coppin Road Recycling Centre.
 - ⇒ 1 x Plant Operator - Provision is made for the staffing of the HTS expected to be commissioned in November 2022.
 - ⇒ 1 x Gas Technician - Provision is made for a Gas Technician with the cease of the contract between Landfill Gas Pty Ltd and the EMRC relating to the processing of landfill gas at the RHWMF. The EMRC will be taking over the landfill gas operations effective from February 2023.
- 24 These new positions identified will not be filled automatically and will need to be supported by a business case at the appropriate time.

Staff Remuneration Structure

- 25 A 3% increase in staff remuneration has been budgeted in 2022/2023.

Capital Works (pages 57-62 of 62)

- 26 The total proposed Capital Works expenditure for 2022/2023 is \$25,690,906 which includes carried forward capital expenditure of \$10,244,923. This compares with the 2021/2022 budgeted expenditure of 16,333,004 and the 2021/2022 forecast expenditure of \$11,659,431. It should also be noted that additional capital funds were either approved by council during the financial year or unspent funds that were expected to be expended by 30 June 2021 and not carried forward into the 2021/2022 financial year were utilised during 2021/2022 and updated as part of the half year budget review.

- 27 Major capital expenditure items for 2022/2023 including carry forwards are:

⇒ Air Pollution Control Residue Facility (APCR) - RHWMF (\$2,280,000 carried forward from 2021/2022)	\$2,850,000
⇒ Construct Resource Recovery Park - Commercial Transfer Station - HRRP (\$2,668,372 carried forward from 2021/2022)	\$2,668,372
⇒ Purchase/Replace Plant - HRRP (\$395,000 carried forward from 2021/2022).	\$2,445,000
⇒ Liquid Waste Project Infrastructure - RHWMF (\$500,000 carried forward from 2021/2022)	\$1,775,931
⇒ WWtE Project - Pre-Commissioning Cost (\$172,565 carried forward from 2021/2022)	\$1,680,869
⇒ Design & Construct Class IV Cell - Stage 3 (\$147,500 carried forward from 2021/2022)	\$1,297,003
⇒ Refurbish Plant - RHWMF (\$100,000 carried forward from 2021/2022)	\$1,300,000
⇒ Construction of Class III Cell (Stage 17- part) - RHWMF (\$347,500 carried forward from 2021/2022)	\$1,068,677
⇒ Air Pollution Control Residue Facility Plant (APCR) - RHWMF	\$964,000
⇒ Purchase/Replace Plant - RHWMF (\$50,000 carried forward from 2021/2022).	\$950,000
⇒ WWtE Project - Building/Infrastructure/Plant (\$436,820 carried forward from 2021/2022)	\$818,806
⇒ Construct Access Road to Lots 8, 9 & 10 - RHWMF (\$128,000 carried forward from 2021/2022)	\$682,751



⇒ Construction Workshop No - RHWMF (\$617,257 carried forward from 2021/2022)	\$617,257
⇒ Liquid Waste Project Plant - RHWMF	\$550,000
⇒ Install Power Supply to Lots 8, 9 & 10 - RHWMF (\$150,000 carried forward from 2021/2022)	\$538,326
⇒ Purchase/Replace Minor Plant & Equipment - RHWMF	\$495,000
⇒ Purchase/Replace Vehicles - Ascot Place/RHWMF/HRRP (\$69,000 carried forward from 2021/2022)	\$493,000
⇒ Capital Improvement - Ascot Place (\$458,000 carried forward from 2021/2022)	\$458,000
⇒ Implementation of the FOGO Recovery Strategy - RHWMF (\$145,338 carried forward from 2021/2022)	\$356,144
⇒ Purchase/Replace Minor Plant & Equipment - HRRP (\$40,000 carried forward from 2021/2022)	\$299,000
⇒ Construct Sewer Line from Lakes Rd to Mary St - HRRP (\$294,405 carried forward from 2021/2022)	\$294,405
⇒ Commercial Transfer Station - CCTV & Network - HRRP	\$250,000

Statement of Cash Flows (page 5 of 62)

- 28 The budgeted net cash provided by operating activities is \$7,555,199. This represents a decrease of \$2,382,367 when compared with the 2021/2022 budget and a decrease of \$4,713,535 compared with the forecast position in 2021/2022.

Municipal Cash and Restricted Investments (Reserves) (pages 6-9 of 62)

- 29 The cash and investments (Municipal and Restricted Investments) as at 30 June 2023 has been forecast to be \$71,147,244 compared with the forecast cash and investments as at 30 June 2022 of \$88,922,951.
- 30 The overall decrease year on year in budgeted cash (Municipal and Restricted Investments) is attributable to the capital expenditure exceeding the net budgeted operational cash flow during the 2022/2023 financial year. Funds have been set aside in Reserves and will be utilised in accordance with the budgeted expenditure.
- 31 Approximately 22.89% of total cash and restricted investments budgeted for 30 June 2023 will be held in the Secondary Waste Reserve (\$16,286,784) to fund the development of Resource Recovery Projects. Other restricted cash investments will be used to fund future capital works projects including:
- ⇒ Major plant replacements at the RHWMF and HRRP;
 - ⇒ Post closure Site Rehabilitation and Environmental Monitoring at RHWMF; and
 - ⇒ Future Class III and Class IV cell construction.

Reporting Requirements

- 32 It is a requirement of the *Local Government (Financial Management) Regulations 1996 - Regulation 34(5)* that a local government is to establish and adopt materiality levels either as a percentage and/or dollar value to be used in statements of financial activity for reporting variances.



33 The concept of materiality is defined in the accounting standard, AASB 108 as:

“Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.”

34 In determining whether the variance amount of an item is material, the variance is to be compared with the corresponding budgeted revenue and expense amount to the end of the month to which the statement of financial activity relates.

35 Since the 2015/2016 financial year Council has adopted 10% as the percentage, or a dollar value of \$20,000, whichever is the greater to be used when reporting variances. It is recommended that for the 2022/2023 financial year the materiality percentage of 10%, or a dollar value of \$20,000, whichever is the greater, be retained and adopted for reporting variances in the statements of financial activity.

Post Budget Preparation Event

36 There have been no post budget preparation events that will have a significant effect on the 2022/2023 draft budget.

STRATEGIC/POLICY IMPLICATIONS

37 Key Result Area 3 – Good Governance

3.3 To provide responsible and accountable governance and management of the EMRC

3.4 To continue to improve financial and asset management practices

FINANCIAL IMPLICATIONS

38 As detailed in the attachment to this report.

SUSTAINABILITY IMPLICATIONS

39 Nil


RISK MANAGEMENT

Risk – Non Compliance with Financial Regulations

Consequence	Likelihood	Rating
Moderate	Unlikely	Moderate
Action/Strategy		
<ul style="list-style-type: none"> ➤ The financial report is scrutinised by the EMRC Council to ensure that all statutory requirements are met. ➤ Internal Audit reviews to ensure compliance with Financial Regulations. ➤ External Audit confirms compliance. 		



MEMBER COUNCIL IMPLICATIONS

Member Council	Implication Details
Town of Bassendean	 As per budget implications
City of Bayswater	
City of Kalamunda	
Shire of Mundaring	
City of Swan	

ATTACHMENT(S)

Financial Statements - 2022/2023 Budget (D2022/09050)

VOTING REQUIREMENT

Absolute Majority

AC RESOLUTION(S)

That:

1. The Audit Committee endorses the EMRC 2022/2023 Annual Budget.
2. The EMRC 2022/2023 Annual Budget be referred to Council for adoption at its 23 June 2022 meeting.

AC RESOLUTION(S)

MOVED

SECONDED

AC RECOMMENDATION(S)

That:

1. Council, by absolute majority, in accordance with section 6.2(1) of the *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996*, adopts the EMRC 2022/2023 Annual Budget and supporting schedules which have been prepared in compliance with the Australian Accounting Standards.
2. For the 2022/2023 financial year a material variance percentage of 10% of the appropriate base, or a dollar value of \$20,000, whichever is the greater, be adopted for reporting variances in the statements of financial activity.
3. In accordance with Regulation 33 of the *Local Government (Financial Management) Regulations 1996*, a copy of the 2022/2023 Annual Budget be submitted to the Departmental CEO, Department of Local Government, Sport and Cultural Industries, within 30 days of its adoption by Council.

AC RECOMMENDATION(S)

MOVED

SECONDED



FINANCIAL STATEMENTS

**2022/2023
BUDGET**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDING 30 JUNE 2023**

	NOTE	BUDGET 2021/2022 \$	FORECAST 2021/2022 \$	BUDGET 2022/2023 \$
REVENUE				
User Charges	5	33,566,195	37,022,848	38,358,337
Special Charges	5	556,740	605,925	690,614
Secondary Waste Charge	5	4,121,290	4,493,804	2,435,450
Contributions		239,460	167,121	117,730
Operating Grants		398,000	203,000	163,000
Interest Investments Earnings	8	931,975	576,898	879,453
Reimbursements		1,536,722	1,610,688	1,611,291
Other		2,844,278	2,208,380	2,558,840
Proceeds from Sale of Assets		351,000	329,000	360,000
TOTAL REVENUE		44,545,660	47,217,664	47,174,715
EXPENSES				
Salary Expenses		11,174,794	10,064,688	11,862,596
Contract Expenses		6,429,257	6,947,567	9,117,051
Material Expenses		1,347,539	1,343,145	1,939,704
Fuel Expenses		720,135	835,218	1,016,373
Utility Expenses		310,375	340,150	364,023
Insurance Expenses		310,604	309,404	377,272
Provision Expenses		793,871	2,262,682	737,674
Miscellaneous Expenses		14,081,211	14,902,562	14,840,399
Depreciation Expenses		4,826,380	5,016,610	4,286,462
Costs Allocated		(89,343)	(95,327)	(188,696)
Carrying Amount of Assets Disposed Of		284,165	340,171	244,487
TOTAL EXPENSES		40,188,988	42,266,870	44,597,345
NET RESULT BEFORE OTHER COMPREHENSIVE INCOME		4,356,672	4,950,794	2,577,370
OTHER COMPREHENSIVE INCOME		0	0	0
TOTAL OTHER COMPREHENSIVE INCOME		0	0	0
NET RESULT		4,356,672	4,950,794	2,577,370

**STATEMENT OF COMPREHENSIVE INCOME BY PROGRAM
FOR THE YEAR ENDING 30 JUNE 2023**

	NOTE	BUDGET 2021/2022 \$	FORECAST 2021/2022 \$	BUDGET 2022/2023 \$
REVENUE				
General Purpose Funding		931,975	576,898	879,453
Governance		197,150	186,090	81,600
Community Amenities		42,248,075	45,581,255	45,378,632
Other Property and Services		817,460	544,421	475,030
TOTAL REVENUE		44,194,660	46,888,664	46,814,715
EXPENSES				
Governance		282,092	803,754	917,731
Community Amenities		36,923,865	38,813,511	41,410,345
Other Property and Services		2,698,866	2,309,434	2,024,782
TOTAL EXPENSES		39,904,823	41,926,699	44,352,858
INCREASE / (DECREASE)		4,289,837	4,961,965	2,461,857
DISPOSAL OF ASSETS				
Proceeds from Sale of Assets		351,000	329,000	360,000
Less Carrying Amount of Assets Disposed Of		(284,165)	(340,171)	(244,487)
PROFIT / (LOSS) ON DISPOSALS	9	66,835	(11,171)	115,513
NET RESULT BEFORE OTHER COMPREHENSIVE INCOME		4,356,672	4,950,794	2,577,370
OTHER COMPREHENSIVE INCOME		0	0	0
TOTAL OTHER COMPREHENSIVE INCOME		0	0	0
NET RESULT		4,356,672	4,950,794	2,577,370

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	NOTE	BUDGET 2021/2022 \$	FORECAST 2021/2022 \$	BUDGET 2022/2023 \$
CURRENT ASSETS				
Cash and Cash Equivalents	4(i)	69,885,715	88,922,951	71,147,244
Investments		0	0	0
Trade and Other Receivables		2,987,058	2,987,058	2,987,058
Inventories		39,035	39,035	39,035
Other Assets		67,382	67,382	67,382
TOTAL CURRENT ASSETS		72,979,190	92,016,426	74,240,719
CURRENT LIABILITIES				
Trade and Other Payables		6,160,299	6,160,299	6,201,968
Provisions		1,892,645	1,892,645	1,920,181
TOTAL CURRENT LIABILITIES		8,052,944	8,052,944	8,122,149
NET CURRENT ASSETS		64,926,246	83,963,482	66,118,570
NON CURRENT ASSETS				
Land		52,585,907	52,586,164	52,586,164
Buildings		16,583,375	16,859,079	23,363,403
Structures		30,428,680	26,079,502	35,130,271
Plant		14,867,626	14,106,720	19,079,688
Equipment		1,123,575	1,102,005	1,689,881
Furniture and Fittings		250,604	186,488	230,507
Work in Progress		17,536,763	17,536,763	17,536,763
TOTAL NON CURRENT ASSETS		133,376,530	128,456,721	149,616,677
NON CURRENT LIABILITIES				
Provisions		9,039,362	31,100,854	31,838,528
TOTAL NON CURRENT LIABILITIES		9,039,362	31,100,854	31,838,528
NET ASSETS		189,263,414	181,319,349	183,896,719
EQUITY				
Accumulated Surplus		124,451,349	120,223,925	138,506,447
Reserves		64,812,065	61,095,424	45,390,272
TOTAL EQUITY		189,263,414	181,319,349	183,896,719

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30 JUNE 2023**

	NOTE	BUDGET 2021/2022 \$	FORECAST 2021/2022 \$	BUDGET 2022/2023 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts in the course of operations		43,722,509	46,889,643	46,248,912
Cash payments in the course of operations		(34,716,918)	(35,197,807)	(39,573,166)
Interest receipts		931,975	576,898	879,453
Net Cash Provided by Operating Activities	4(ii)	9,937,566	12,268,734	7,555,199
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash receipts from sale of property, plant and		351,000	329,000	360,000
Cash payments for property, plant and equipment		(16,333,004)	(11,659,431)	(25,690,906)
Net Cash Provided by Investing Activities		(15,982,004)	(11,330,431)	(25,330,906)
CASH FLOWS FROM FINANCE ACTIVITIES				
Cash receipts from sale of investments		0	0	0
Net Cash Used in Financing Activities		0	0	0
SUMMARY OF CASH FLOWS				
Cash at the beginning of the year		75,930,153	87,984,648	88,922,951
Net Increase (Decrease) in Cash Held		(6,044,438)	938,303	(17,775,707)
Cash at the end of the year	4(i)	69,885,715	88,922,951	71,147,244

**BUDGETED STATEMENT OF CASH MOVEMENTS
FOR THE YEAR ENDING 30 JUNE 2023**

NOTE	BUDGET 2021/2022 \$	FORECAST 2021/2022 \$	BUDGET 2022/2023 \$
Municipal Fund (Cash and Investment)			
Opening Balance	6,408,662	21,907,536	26,771,889
Transfer to Restricted Investments	(8,385,674)	(25,754,836)	(6,566,505)
Transfer from Restricted Investments	12,831,731	30,120,614	23,050,134
Transfer to/from Municipal Investments	0	0	0
Interest on Municipal Funds	132,000	137,029	70,000
Payments and Receipts	(6,976,439)	361,546	(18,655,160)
Movement in Accrued Interest	0	0	0
Closing Balance	4,010,280	26,771,889	24,670,358
Plant and Equipment Reserve			
Opening Balance	724,344	749,821	2,247,152
Transfer to Restricted Investments	1,957,975	2,916,673	2,546,029
Transfer from Restricted Investments	(1,979,000)	(1,421,901)	(4,784,000)
Interest on Restricted Investments	1,500	2,559	1,500
Closing Balance	704,819	2,247,152	10,681
Site Rehabilitation Reserve			
Opening Balance	5,545,303	2,943,263	4,454,935
Transfer to Restricted Investments	488,924	1,501,630	453,997
Transfer from Restricted Investments	0	0	0
Interest on Restricted Investments	56,000	10,042	55,997
Closing Balance	6,090,227	4,454,935	4,964,929
Future Development Reserve			
Opening Balance	16,772,393	11,460,995	25,459,842
Transfer to Restricted Investments	0	14,000,000	0
Transfer from Restricted Investments	(2,550,000)	(40,257)	(12,514,000)
Interest on Restricted Investments	189,000	39,104	188,990
Closing Balance	14,411,393	25,459,842	13,134,832
Environmental Monitoring Reserve			
Opening Balance	2,654,559	1,349,161	2,059,936
Transfer to Restricted Investments	269,486	706,172	213,501
Transfer from Restricted Investments	0	0	0
Interest on Restricted Investments	27,500	4,603	27,499
Closing Balance	2,951,545	2,059,936	2,300,936

**BUDGETED STATEMENT OF CASH MOVEMENTS
FOR THE YEAR ENDING 30 JUNE 2023**

	NOTE	BUDGET 2021/2022 \$	FORECAST 2021/2022 \$	BUDGET 2022/2023 \$
Environmental Insurance Reserve				
Opening Balance		59,604	59,639	0
Transfer to Restricted Investments		45,000	0	0
Transfer from Restricted Investments		(39,690)	(59,766)	0
Interest on Restricted Investments		800	127	0
Closing Balance		65,714	0	0
Risk Management Reserve				
Opening Balance		15,802	15,813	0
Transfer to Restricted Investments		0	0	0
Transfer from Restricted Investments		0	(15,847)	0
Interest on Restricted Investments		200	34	0
Closing Balance		16,002	0	0
Class IV Cell Reserve				
Opening Balance		600,460	600,945	741,806
Transfer to Restricted Investments		93,486	141,310	280,446
Transfer from Restricted Investments		(150,000)	(2,500)	(150,000)
Interest on Restricted Investments		7,100	2,051	7,100
Closing Balance		551,046	741,806	879,352
EastLink Rehabilitation Reserve				
Opening Balance		0	5,325,000	5,343,168
Transfer to Restricted Investments		0	0	0
Transfer from Restricted Investments		0	0	0
Interest on Restricted Investments		0	18,168	0
Closing Balance		0	5,343,168	5,343,168
Secondary Waste Reserve				
Opening Balance		40,447,124	41,177,833	17,914,815
Transfer to Restricted Investments		4,121,290	4,493,804	2,435,450
Transfer from Restricted Investments		(7,763,041)	(27,897,609)	(4,533,457)
Interest on Restricted Investments		470,000	140,787	469,976
Closing Balance		37,275,373	17,914,815	16,286,784

**BUDGETED STATEMENT OF CASH MOVEMENTS
FOR THE YEAR ENDING 30 JUNE 2023**

	NOTE	BUDGET 2021/2022 \$	FORECAST 2021/2022 \$	BUDGET 2022/2023 \$
Class III Cells Reserve				
Opening Balance		1,156,021	1,158,161	2,535,661
Transfer to Restricted Investments		1,390,535	1,976,270	618,105
Transfer from Restricted Investments		(350,000)	(602,722)	(1,068,677)
Interest on Restricted Investments		35,000	3,952	34,998
Closing Balance		2,231,556	2,535,661	2,120,087
Long Service Leave - Restricted Asset				
Opening Balance		1,032,391	1,033,136	1,055,638
Transfer to Restricted Investments		18,979	18,977	18,977
Transfer from Restricted Investments		0	0	0
Interest on Restricted Investments		12,000	3,525	11,999
Closing Balance		1,063,370	1,055,638	1,086,614
Building Refurbishment Reserve				
Opening Balance		79,783	79,842	0
Transfer to Restricted Investments		0	0	0
Transfer from Restricted Investments		0	(80,012)	0
Interest on Restricted Investments		900	170	0
Closing Balance		80,683	0	0
Cash and Investments at the end of the Year		69,452,008	88,584,842	70,797,741
<u>Add</u> Accrued Interest - Restricted Assets		433,707	338,109	349,503
Cash and Investments as per Statement of Financial Position		69,885,715	88,922,951	71,147,244

**BUDGETED STATEMENT OF CASH MOVEMENTS
FOR THE YEAR ENDING 30 JUNE 2023**

	NOTE	BUDGET 2021/2022 \$	FORECAST 2021/2022 \$	BUDGET 2022/2023 \$
SUMMARY				
MUNICIPAL FUND (CASH AND INVESTMENTS)				
Opening Balance		6,408,662	21,907,536	26,771,889
Transfer to Restricted Investments		(8,385,674)	(25,754,836)	(6,566,505)
Transfer from Restricted Investments		12,831,731	30,120,614	23,050,134
Interest on Municipal Funds		132,000	137,029	70,000
Payments and Receipts		(6,976,439)	361,546	(18,655,160)
Closing Balance	4(i)	4,010,280	26,771,889	24,670,358
RESTRICTED INVESTMENTS				
Opening Balance		69,087,784	65,953,609	61,812,953
Transfer to Restricted Investments		8,385,674	25,754,836	6,566,505
Transfer from Restricted Investments		(12,831,731)	(30,120,614)	(23,050,134)
Interest on Restricted Investments		800,000	225,122	798,059
Closing Balance		65,441,727	61,812,953	46,127,383
Sub Total		69,452,007	88,584,842	70,797,741
<u>Add</u> Accrued Interest - Restricted Assets		433,708	338,109	349,503
Cash and Investments as per Statement of Financial Position		69,885,715	88,922,951	71,147,244

**NET CURRENT ASSETS CARRIED FORWARD
FOR THE YEAR ENDING 30 JUNE 2023**

	BUDGET 2021/2022 \$	FORECAST 2021/2022 \$	BUDGET 2022/2023 \$
NET CURRENT ASSETS REPRESENTED BY			
CURRENT ASSETS			
Cash at Bank - Unrestricted	4,010,280	26,771,889	24,670,358
Receivables	2,987,058	2,987,058	2,987,058
Inventory	39,035	39,035	39,035
Prepayments	67,382	67,382	67,382
	7,103,755	29,865,364	27,763,833
LESS: CURRENT LIABILITIES			
Creditors	6,160,299	6,160,299	6,201,968
Current Provisions	1,892,645	1,892,645	1,920,181
	8,052,944	8,052,944	8,122,149
(DEFICIT) SURPLUS - OTHER FUNDS	(949,189)	21,812,420	19,641,684
ADD BALANCE OF NET RESTRICTED INVESTMENTS	65,875,435	62,151,062	46,476,886
ESTIMATED NET CURRENT ASSET POSITION	64,926,246	83,963,482	66,118,570



BUDGET NOTES

2022/2023 BUDGET

**EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30 JUNE 2023**

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1995* and accompanying regulations.

Except for cash flow information, the report has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

Amendments to Local Government (Financial Management) Regulations 1996

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Prior to 1 July 2019, Regulation (Reg) 16 arbitrarily prohibited a local government from recognising as assets Crown land that is a public thoroughfare, i.e. land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets pertaining to vested land, including land under roads acquired on or after 1 July 2008, were not recognised in previous financial reports of the Council. This was not in accordance with the requirements of AASB 1051 Land Under Roads paragraph 15 and AASB 116 Property, Plant and Equipment paragraph 7.

From 1 July 2019, the Council has applied AASB 16 Leases which requires leases to be included by lessees in the statement of financial position. Also, the *Local Government (Financial Management) Regulations 1996* have been amended to specify that vested land is a right of use asset to be measured at cost. All right of use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the Statement of Financial Position) rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Council to measure any vested improvements at zero cost.

As the Council does not currently hold any leases this has not had any impact on the Council's financial statements.

The Local Government Reporting Entity

All funds through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between funds) have been eliminated.

(a) Trust Funds

Any monies held in the Trust Fund, which Council may hold in a custodian role, are excluded from the Financial Statements.

The EMRC currently holds trust fund monies on behalf of the Green Deal Alliance Project (GDA) as approved by Council at its meeting held on 25 November 2021.

**EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30 JUNE 2023**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts, where applicable, are included as short-term borrowings in current liabilities on the Statement of Financial Position.

The EMRC does not have any bank overdrafts.

(c) Fixed Assets

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Mandatory Requirements to Revalue Non-Current Assets

In accordance with the amended *Local Government (Financial Management) Regulations 1996*, the Council is required to revalue land, buildings, infrastructure and investment properties of the local government whenever the Council is of the opinion that the fair value of the asset is likely to be materially different from its carrying amount and, in any event, within a period of no more than 5 years after the day on which the asset was last valued or revalued. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the EMRC. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with the amended *Local Government (Financial Management) Regulations 1996* which requires the land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

The EMRC has elected to undertake asset revaluations on its land, buildings and infrastructure assets on a 4 year rotational cycle, or in the year when the Council is of the opinion that the fair value of the asset is likely to be materially different from its carrying amount.

The revaluation of the land, buildings and infrastructure classes of assets was undertaken during the 2020/2021 financial year. It is proposed to undertake the next revaluation in the 2024/2025 financial year.

Initial Recognition and Measurement between Mandatory Revaluation Dates

All assets are initially recognised at cost where the fair value of the asset at date of acquisition is equal to or above \$5,000. All assets are subsequently revalued in accordance with the mandatory measurement framework detailed above.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets, that are land, buildings, infrastructure and investment properties, acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believed this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

**EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30 JUNE 2023**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Fixed Assets (continued)

Revaluation

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land, artworks and work in progress which are not depreciated, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Major depreciation rates used for each class of depreciable asset are:

• Buildings	1.00 - 13.33% (based on components)
• Structures	
General	0.95 - 6.67%
Class III and IV Waste Cells	% of actual usage
• Plant	4.17 - 33.33%
• Furniture and fittings	4.00 - 33.33%
• Equipment	4.00 - 33.33%

The asset residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Comprehensive Income in the period in which they arise.

When revalued assets are disposed of, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

Capitalisation Threshold

Expenditure on items of equipment under \$5,000 are not capitalised. Rather, they are recorded on an asset inventory listing.

**EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30 JUNE 2023**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Fair Value of Assets and Liabilities

When performing a revaluation, the Council uses a combination of both independent and management valuations using the following as a guide:

Fair value is the price that Council would receive to sell the asset or would have to pay to transfer the liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

Where possible, market information is extracted from either the principal market for the asset (i.e. the market with the greatest volume and level of activity for the asset) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after considering transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

Fair Value Hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair value of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation Techniques

The Council selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Council are consistent with one or more of the following valuation approaches:

**EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30 JUNE 2023**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Fair Value of Assets and Liabilities (continued)

Market Approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income Approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost Approach

Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs which reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Council gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

As detailed above, the mandatory measurement framework imposed by *the Local Government (Financial Management) Regulations 1996* requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.

(e) Grants, Donations and Other Contributions

Grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions will be disclosed in the Annual Financial Report. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operation for the current reporting period.

(f) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the local government prior to the end of the financial year that are unpaid and arise when the Local Government becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition.

**EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30 JUNE 2023**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Impairment

In accordance with Australian Accounting Standards, the Council's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired. Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with *AASB 136 Impairment of Assets* and appropriate adjustments are made.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. *AASB 116 Property, Plant and Equipment*) whereby an impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

(h) Inventories

General

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Goods and Services Tax

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables in the Statement of Financial Position are stated inclusive of applicable GST. The net amount of GST recoverable from, or payable to the ATO is included with receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(j) Provisions

Provisions are recognised when: The Council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured using the best estimate of the amounts required to settle the obligations at the end of the reporting period.

(k) Provision for Site Rehabilitation

A provision for the future costs associated with closing and restoring the landfill is recognised as liabilities within the financial accounts. The nature of work planned by Council includes cell capping, landform reconstruction, dismantling of site operating facilities and implementation of a revegetation plan to suit the final land use. The provision is based on the future value of the estimated current costs, determined on a discounted basis.

Increments in the provision are calculated annually based on the change in the net present value of the future cash outflows of costs for site rehabilitation (unwinding of the discount rate).

As per the independent engineers report from June 2020, the current value for the rehabilitation of the site has been calculated to be \$7,089,399 and has been deemed sufficient for post closure management purposes. This value will be reviewed on a five yearly cycle.

The costs are measured using the best estimate of the amounts required and is reassessed internally on an annual basis with an independent review being undertaken on a five yearly cycle.

**EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30 JUNE 2023**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Provision for Environmental Monitoring

A provision for the future costs associated with closing and restoring the landfill is recognised as liabilities within the financial accounts. The nature of work planned by Council includes monitoring of groundwater, surface water, leachate and landfill gas generation. The provision is based on the future value of the estimated current costs, determined on a discounted basis.

Increments in the provision are calculated annually based on the change in the net present value of the future cash outflows of costs for environmental monitoring (unwinding of the discount rate).

As per the independent engineers report from June 2020, the current value for the environmental monitoring of the site has been calculated to be \$3,403,950 and has been deemed sufficient for post closure management purposes. This value will be reviewed on a five yearly cycle.

The costs are measured using the best estimate of the amounts required and is reassessed internally on an annual basis with an independent review being undertaken on a five yearly cycle.

(m) Critical Accounting Estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of this experience and other factors combine to form the basis of making judgements about carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

(n) Trade and Other Receivables

Trade and other receivables include amounts due from member Councils and non-members for unpaid fees and charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Trade receivables are recognised at original invoice amount less any allowances for uncollectable amounts (i.e. impairments).

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are held with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost using the effective interest rate method.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

Impairment and risk exposure information about the impairment of trade receivables and their exposure to credit risk and interest rate risk will be disclosed in the Annual Financial Report.

**EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30 JUNE 2023**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Employee Entitlements

The provisions for employee benefits relate to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

(i) Short-term Employee Benefits

Provision is made for the Council's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled. The Council's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

(ii) Other long-term Employee Benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. The Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Council does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions. The Council's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

(iii) Superannuation Fund

The Council contributes to Aware Super and other choice funds for qualifying employees as per statutory requirements (10.5% for 2022/2023). It also contributes to Aware Super and other choice funds for full scheme members (5% for 2022/2023). Contributions to defined contribution plans are recognised as an expense as they become payable.

(p) Rounding Off Amounts

All amounts shown in this annual financial report are rounded to the nearest dollar. As a result of rounding, some minor reconciliation discrepancies may be present in the disclosures to the financial report.

(q) Comparative Figures

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(r) Budget Comparative Figures

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

**EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30 JUNE 2023**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Leases

At inception of a contract, the Council assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right of use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Council uses its incremental borrowing rate.

Right of use assets are subsequently measured under the cost model.

Right of use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right of use asset reflects that the Council anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.

All contracts that are classified as short-term leases (i.e. a lease with a remaining term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Leases for right of use assets are secured over the asset being leased.

The EMRC does not currently have any leases.

(t) Other Financial Assets

(i) Other Financial Assets at Amortised Cost

The Council classifies financial assets at amortised cost if both of the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cashflows, and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

(ii) Financial Assets at Fair Value through Profit and Loss

The Council classifies the following financial assets at fair value through profit and loss:

- Debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- Equity investments which the Council has not elected to recognise fair value gains and losses through other comprehensive income.

**EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30 JUNE 2023**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where the Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months.

Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Council's intentions to release for sale.

(v) Landfill Cells

There are three general components of cell construction:

- Cell excavation and development costs;
- Cell liner costs; and
- Cell capping costs.

All cell excavation and development costs and cell liner costs are capitalised and depreciated over the useful life of the cell based on the volumetric usage of the landfill cell air space during the year.

Cell capping costs are expensed as they occur as part of ongoing site rehabilitation.

**EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30 JUNE 2023**

2. PROGRAMS

The activities relating to the EMRC's programs reported on in the Operating Statement are as follows:

Governance

Records income and expenditure relating to the administration and operation of facilities and services to members of Council together with other administrative governance costs.

General Purpose Funding

Records interest revenue as well as other general purpose revenue.

Community Amenities

Records income and expenditure associated with the Class III cell, Class IV cell, weighbridge, and transfer station at the Red Hill Waste Management Facility, the Hazelmere Resource Recovery Park and the Baywaste, Coppin Road and Mathieson Road transfer stations.

Other Property and Services

Records income and expenditure for public works overheads, plant operation, materials, salaries and wages. It also records income and expenditure for the Sustainability Team (incorporating various projects) and the operations of the Ascot Place activity.

**EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30 JUNE 2023**

3. RECONCILIATION OF RATES LEVIED

The EMRC does not levy rates therefore a Rate Setting Statement [*Local Government (Financial Management) Regulations 1996* : 22(1)(d) and 30(1)(c)] has not been prepared.

4. NOTES TO THE STATEMENT OF CASH FLOWS

(i) Reconciliation of Cash

For the purpose of the statement of cash flows, The EMRC considers cash to include cash on hand, cash at bank and bank term deposits. Cash at the end of the reporting period as shown in the statement of cash flows is as follows:

	BUDGET 2021/2022 \$	FORECAST 2021/2022 \$	BUDGET 2022/2023 \$
Cash - Unrestricted	4,010,280	26,771,889	24,670,358
Cash - Restricted	65,875,435	62,151,062	46,476,886
Total Cash	69,885,715	88,922,951	71,147,244

(ii) Reconciliation of net cash used in operating activities to change in net assets arising from operations

	BUDGET 2021/2022 \$	FORECAST 2021/2022 \$	BUDGET 2022/2023 \$
Net Change in assets from operations	4,356,672	4,950,794	2,577,370
Write back Depreciation	4,826,380	5,016,610	4,286,462
Write back Provisions	793,871	2,262,682	737,674
Write back Accruals - Staff Entitlements	27,478	27,477	69,206
Write back (Profit)/Loss on sale of assets	(66,835)	11,171	(115,513)
Net cash from operating activities	9,937,566	12,268,734	7,555,199

(iii) Depreciation of Assets

Details of depreciation expenditure budgets for each program are as follows

	BUDGET 2021/2022 \$	FORECAST 2021/2022 \$	BUDGET 2022/2023 \$
Administration	416,958	454,914	445,377
Community Amenities	2,894,532	3,081,769	2,150,052
Other Property and Services	1,514,890	1,479,927	1,691,033
Total Depreciation all Programs	4,826,380	5,016,610	4,286,462

**EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30 JUNE 2023**

5. FEES AND CHARGES SUMMARY BY PROGRAM

	BUDGET 2021/2022	FORECAST 2021/2022	BUDGET 2022/2023
	\$	\$	\$
Administration	0	0	0
Community Amenities	38,244,225	42,122,577	41,484,401
Other Property and Services	0	0	0
Total Statutory Fees and Charges	38,244,225	42,122,577	41,484,401

	BUDGET 2021/2022	FORECAST 2021/2022	BUDGET 2022/2023
	\$	\$	\$
User Charges	33,566,195	37,022,848	38,358,337
Special Charges	556,740	605,925	690,614
Secondary Waste Charge	4,121,290	4,493,804	2,435,450
Total Statutory Fees and Charges	38,244,225	42,122,577	41,484,401

**EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30 JUNE 2023**

6. LOAN BORROWINGS

(a) Loan Repayments

No loans existed as at 30 June 2022 and no loans are anticipated during the 2022/2023 financial year.

(b) Unspent Loans

No unspent loan funds existed as at 30 June 2022 and no unspent loan funds are anticipated during the 2022/2023 financial year.

(c) New Borrowings

The EMRC does not propose to undertake new borrowings during the 2022/2023 financial year.

(d) Overdraft

Council has not utilised an overdraft facility during the 2021/2022 financial year and it is not anticipated that any such facility will be utilised during the 2022/2023 financial year.

**EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30 JUNE 2023**

7. COUNCILLOR FEES AND ALLOWANCES

From July 2022 each Councillor, other than the Chairman, will be entitled to an annual meeting fee of \$10,824.

From July 2022 the Chairman will be entitled to an annual meeting fee of \$16,235 as well as an annual Local Government fee of \$20,565.

From July 2022 the Deputy Chairman will be entitled to an annual Local Government fee of \$5,141.

A provision of \$12,343 for meeting fees has been provided for deputy Councillors when deputising for a Councillor at a meeting. All fees paid to Councillors and the Chairman are paid quarterly in arrears.

All fees are in accordance with the 2022 Salaries and Allowances (SAT) Tribunal determination.

	BUDGET 2021/2022 \$	FORECAST 2021/2022 \$	BUDGET 2022/2023 \$
Councillor(s) meeting fees	95,040	95,040	97,416
Chairman's meeting fees	15,839	15,839	16,235
Chairman's Local Government fee	20,063	20,063	20,565
Deputy Chairman's Local Government fee	5,016	5,016	5,141
Deputy Councillors' meeting fees	15,742	15,742	12,343
Total Fees and Allowances	151,700	151,700	151,700

8. INVESTMENT INTEREST

The total estimated earnings from interest on investments is made up as follows:

	BUDGET 2021/2022 \$	FORECAST 2021/2022 \$	BUDGET 2022/2023 \$
Interest on Restricted Assets			
Interest on funds held in Reserve	787,975	436,344	797,454
Interest on other restricted investments (LSL)	12,000	3,525	11,999
Sub-Total Interest on Restricted Assets	799,975	439,869	809,453
Interest on Other Funds			
Interest on Municipal funds	132,000	137,029	70,000
Total Interest on Investments	931,975	576,898	879,453

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EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30 JUNE 2023

9. ASSET PROFIT OR LOSS ON DISPOSAL

	BUDGET 2021/2022 \$	FORECAST 2021/2022 \$	BUDGET 2022/2023 \$
Buildings			
Carrying Amount of Assets Disposed	0	0	0
(Profit) Loss on Disposal	0	0	0
Equipment			
Proceeds from Sale of Assets	0	0	0
Carrying Amount of Assets Disposed	0	(2,450)	0
(Profit) Loss on Disposal	0	(2,450)	0
Furniture and Fittings			
Carrying Amount of Assets Disposed	0	0	0
(Profit) Loss on Disposal	0	0	0
Land			
Proceeds from Sale of Assets	0	0	0
Carrying Amount of Assets Disposed	0	0	0
(Profit) Loss on Disposal	0	0	0
Plant			
Proceeds from Sale of Assets	351,000	329,000	360,000
Carrying Amount of Assets Disposed	(284,165)	(320,404)	(244,487)
(Profit) Loss on Disposal	66,835	8,596	115,513
Structures			
Carrying Amount of Assets Disposed	0	(17,317)	0
(Profit) Loss on Disposal	0	(17,317)	0
Net Profit / (Loss) on Disposal	66,835	(11,171)	115,513

10. PLAN FOR THE FUTURE

EMRC's Strategic Community Plan titled *EMRC - 10 Year Strategic Plan 2017 - 2027*, adopted by Council at its meeting held on 18 August 2016 and the Corporate Business Plan 2022/23 to 2026/27, which was adopted by Council at its meeting held on 23 June 2022 together constitute EMRC's 'Plan For The Future' in accordance with *section 5.56 of the Local Government Act 1995*.

The 2022/2023 Annual Budget draws from the priorities as identified in the EMRC's 'Plan For The Future'.

FEES AND CHARGES

**For the Year Ending
30 June 2023**

EASTERN METROPOLITAN REGIONAL COUNCIL
2022-2023 SCHEDULE OF WASTE MANAGEMENT FEES AND CHARGES

Description	Unit	2021/2022 Charges with no GST \$	Value of GST \$	2021/2022 Charges inc GST \$	2022/2023 Charges with no GST \$	Value of GST \$	2022/2023 Charges inc GST \$
Waste Management Charges							
Disposal Rates							
Member Councils							
	1 tonne						
Base Tipping Fee		75.00			80.00		
CWES Levy		4.50			5.00		
Secondary Waste Reserve		38.00			38.00		
Landfill Levy		70.00			70.00		
Total Member Council disposal rate		187.50	18.75	206.25	193.00	19.30	212.30
Councils - Other							
Domestic Refuse Tip Pass (Gidgegannup @ 3bags/wk)	N/A	6.69	0.67	7.35	6.91	0.69	7.60
Council Refuse Tip Passes - Trailers (up to 500kg)	N/A	62.09	6.21	68.30	63.91	6.39	70.30
Council Greenwaste Tip Passes (up to 500 kg)	N/A	30.68	3.07	33.75	31.37	3.14	34.50
General Waste							
Cars / Station Wagons	N/A	32.73	3.27	36.00	33.64	3.36	37.00
Trailers (6 x 4)	N/A	55.91	5.59	61.50	57.73	5.77	63.50
Vans / Utes	N/A	55.91	5.59	61.50	57.73	5.77	63.50
Trailers (6 x 4) High Sides	N/A	70.91	7.09	78.00	72.73	7.27	80.00
Tandem/ Horse Floats (< 1 tonne)	N/A	105.01	10.49	115.50	108.18	10.82	119.00
240 Litre Mobile Garbage Bin	N/A	10.27	1.03	11.30	10.45	1.05	11.50
Commercial (General)	1 tonne	149.09	14.91	164.00	153.64	15.36	169.00
Minimum Commercial Charges	0.50 tonnes	74.55	7.45	82.00	76.82	7.68	84.50
Greenwaste							
Greenwaste - Member Councils (uncontaminated - Red Hill)	1 tonne	46.36	4.64	51.00	47.82	4.78	52.60
Greenwaste - Member Councils (uncontaminated - Hazelmere)	1 tonne	52.73	5.27	58.00	54.36	5.44	59.80
Greenwaste - Commercial (uncontaminated - Red Hill)	1 tonne	61.36	6.14	67.50	62.73	6.27	69.00
Greenwaste - Commercial (uncontaminated - Hazelmere)	1 tonne	68.18	6.82	75.00	70.00	7.00	77.00
Greenwaste - Shredded to EMRC specification (to Red Hill)	1 tonne	10.27	1.03	11.30	10.55	1.05	11.60
Greenwaste - Shredded to EMRC specification (to Hazelmere)	1 tonne	10.27	1.03	11.30	10.55	1.05	11.60
(Minimum charge for greenwaste 0.5 tonne)							
FOGO Waste							
FOGO waste - MGB (Member Councils)	1 tonne	95.50	9.55	105.05	98.73	9.87	108.60
Note 1: Attractive discounts available to major customers and Local Governments.							
Note 2: In the event that the weighbridges at Red Hill Waste Management Facility are not operational, vehicles will be charged according to their carrying capacity (in tonnes) multiplied by the appropriate rate from the schedule of fees and charges according to the type of waste being disposed.							

EASTERN METROPOLITAN REGIONAL COUNCIL
2022-2023 SCHEDULE OF WASTE MANAGEMENT FEES AND CHARGES

Description	Unit	2021/2022 Charges with no GST	Value of GST	2021/2022 Charges inc GST	2022/2023 Charges with no GST	Value of GST	2022/2023 Charges inc GST
		\$	\$	\$	\$	\$	\$
Waste Management Charges continued ..							
Disposal Rates continued..							
Special Wastes							
Asbestos (Wrapped)	1 tonne	174.09	17.41	191.50	179.09	17.91	197.00
Asbestos (Wrapped) - Member Council residents only	1 tonne	92.73	9.27	102.00	95.45	9.55	105.00
Asbestos (Wrapped) - Minimum Charge		30.00	3.00	33.00	30.85	3.08	33.94
Car Bodies - Commercial	each	52.27	5.23	57.50	52.27	5.23	57.50
Car Bodies - Member Council residents only	each	25.45	2.55	28.00	25.45	2.55	28.00
Biosecurity Waste	1 tonne	200.00	20.00	220.00	206.00	20.60	226.60
Burial Fee (for immediate burial requirements)	n/a	149.09	14.91	164.00	149.09	14.91	164.00
Handling Fee (for special handling requirements)	n/a	149.09	14.91	164.00	149.09	14.91	164.00
Tyre Disposal (off rim) *	each	5.18	0.52	5.70	6.36	0.64	7.00
Tyre Disposal (with rim) *	each	7.00	0.70	7.70	12.73	1.27	14.00
Tyre Recovery Charges (for tyres at the landfill face)	each	24.27	2.43	26.70	25.00	2.50	27.50
Mattress disposal fee (Member Council Residents)	each	27.50	2.75	30.25	27.50	2.75	30.25
Mattress disposal fee (Charitable Organisations)	each	28.18	2.82	31.00	28.18	2.82	31.00
Mattress disposal fee (Commercial)	each	28.18	2.82	31.00	28.18	2.82	31.00
E-Waste (Price applicable after quota has been reached under Infoactive agreement)	each	9.37	0.93	10.30	9.37	0.94	10.30
Wash Facility Fee	n/a	37.27	3.73	41.00	37.27	3.73	41.00
Class III Contaminated Waste	1 tonne	150.73	15.07	165.80	155.27	15.53	170.80
Class III Contaminated Soil	1 tonne	150.73	15.07	165.80	155.27	15.53	170.80
Class III Controlled Waste (Categories 1 - 5)	1 tonne	210.00	21.00	231.00	216.27	21.63	237.90
Class IV Contaminated Waste	1 tonne	227.73	22.77	250.50	234.55	23.45	258.00
Class IV Contaminated Soil	1 tonne	199.64	19.96	219.60	205.64	20.56	226.20
Class V Waste - Concrete encapsulated drums (L 900mm D 600mm)	each	915.00	91.50	1006.50	942.45	94.25	1036.70
Class V Waste - Concrete encapsulated bulka bags (1.1m x 1.1m x 1.1m)	each	1506.82	150.68	1657.50	1552.00	155.20	1707.20
Administration Charge - Class III (for waste acceptance approvals)	consignment	121.13	12.11	133.25	124.82	12.48	137.30
Administration Charge - Class IV (for waste acceptance approvals)	consignment	149.09	14.91	164.00	153.55	15.35	168.90
Administration Charge - Reprinting of Unsigned Weighbridge Dockets	per docket	4.64	0.46	5.10	4.64	0.46	5.10
Note 1: Attractive discounts available to major customers and Local Governments.							
* Only car and 4 wheel drive vehicle tyres accepted. Member Council residents only maximum 4 per person.							

EASTERN METROPOLITAN REGIONAL COUNCIL
2022-2023 SCHEDULE OF WASTE MANAGEMENT FEES AND CHARGES

Description	Unit	2021/2022 Charges with no GST	Value of GST	2021/2022 Charges inc GST	2022/2023 Charges with no GST	Value of GST	2022/2023 Charges inc GST
		\$	\$	\$	\$	\$	\$
<u>Waste Management Charges continued ..</u>							
<u>Hazelmere</u>							
Wood Waste (per tonne)							
- Grade 1	1 tonne	54.00	5.40	59.40	55.64	5.56	61.20
- Grade 2	1 tonne	60.00	6.00	66.00	61.82	6.18	68.00
- Contaminated	1 tonne	232.73	23.27	256.00	239.73	23.97	263.70
<u>Hazelmere - Commercial & Industrial Waste Sorting Facility</u>							
Dry Commercial and Industrial Waste	1 tonne	150.00	15.00	165.00	163.64	16.36	180.00
Bulk verge Collections	1 tonne	150.00	15.00	165.00	163.64	16.36	180.00
Minimum Charge (Member Councils)	0.50 tonnes	75.00	7.50	82.50	81.81	8.18	90.00
Minimum Charges (Commercial)	0.50 tonnes	75.00	7.50	82.50	81.81	8.18	90.00
Additional Charges for Recovered Items							
Tyre - Passenger car (off rim)	each	5.18	0.52	5.70	5.36	0.54	5.90
Tyre - Passenger car (with rim)	each	7.00	0.70	7.70	7.18	0.72	7.90
Tyre - Light truck, Light Industrial (off rim)	each	10.27	1.03	11.30	10.55	1.05	11.60
Tyre - Light truck, Light Industrial (with rim)	each	20.55	2.05	22.60	21.19	2.11	23.30
Fridges & Freezers / White Goods / Air Conditioning Units	each	30.82	3.08	33.90	31.73	3.17	34.90
Car Batteries	each	10.27	1.03	11.30	10.58	1.06	11.64
Handling Fee (for special handling requirements)	per load	149.09	14.91	164.00	153.55	15.35	168.90
<u>Note 1</u> : If a C&I waste load is contaminated by more than 50% (by visual inspection) , a surcharge of 50% of the disposal charge per tonne will apply plus a handling fee will be applied to the consignment.							
<u>Note 2</u> : Tyres other than mentioned above will be required to be removed from site by the customer.							
<u>Note 3</u> : Contracts with attractive discounts available to major customers and local governments.							
<u>Note 4</u> : In the event that the weighbridge at Hazelmere Resource Recovery Park is not operational, vehicles will be charged according to the estimated waste volumes in cubic metres converted to tonnes.							

EASTERN METROPOLITAN REGIONAL COUNCIL
2022-2023 SCHEDULE OF WASTE MANAGEMENT FEES AND CHARGES

Description	Unit	2021/2022 Charges with no GST \$	Value of GST \$	2021/2022 Charges inc GST \$	2022/2023 Charges with no GST \$	Value of GST \$	2022/2023 Charges inc GST \$
Waste Management Charges continued ..							
<u>Sale of Materials (all ex stockpile, minimum 10 tonnes)</u>							
Bulk Fresh Water for construction/maintenance purposes	kL (1,000 litres)	1.05	0.10	1.15	1.10	0.10	1.20
Mixed clay/fill (purchaser to load) **	1 tonne	4.68	0.47	5.15	4.82	0.48	5.30
Mixed clay/fill (loaded) **	1 tonne	7.45	0.75	8.20	7.64	0.76	8.40
Ferricrete 25 mm **	1 tonne	13.32	1.33	14.65	13.32	1.33	14.65
Ferricrete 19 mm **	1 tonne	13.32	1.33	14.65	13.32	1.33	14.65
Filter Rock 20-40 mm **	1 tonne	13.32	1.33	14.65	13.32	1.33	14.65
Filter Rock 40-80 mm **	1 tonne	13.32	1.33	14.65	13.32	1.33	14.65
Rock Spalls (Unsorted) **	1 tonne	23.32	2.33	25.65	24.00	2.40	26.40
Ferricrete (Member Councils)	1 tonne	11.00	1.10	12.10	11.00	1.10	12.10
Premium Recycled Wood Chip (Coloured) - Hazelmere	1 m ³	65.23	6.52	71.75	68.91	6.89	75.80
Standard Recycled Wood Chip (Coloured) - Hazelmere	1 m ³	44.73	4.47	49.20	47.86	4.79	52.65
<u>Manufactured Products (per tonne)</u>							
Mixed Mulch **	1 tonne	35.73	3.57	39.30	36.82	3.68	40.50
Mulch (Member Councils)	1 tonne	21.41	2.14	23.55	22.09	2.21	24.30
Soil Improver **	1 tonne	26.46	2.65	29.10	27.27	2.73	30.00
Soil Improver (Member Councils)	1 tonne	20.00	2.00	22.00	20.64	2.06	22.70
Premium Recycled Wood Chip (Coloured) - Hazelmere	1 tonne	326.14	32.61	358.75	344.55	34.45	379.00
Standard Recycled Wood Chip (Coloured) - Hazelmere	1 tonne	223.64	22.36	246.00	239.18	23.92	263.10
Premium Recycled Wood Chip - Hazelmere	1 tonne	66.14	6.61	72.75	68.09	6.81	74.90
Standard Recycled Wood Chip - Hazelmere	1 tonne	36.37	3.64	40.00	37.45	3.75	41.20
Wood Chip (fines) - Hazelmere (when available)	1 tonne	74.09	7.41	81.50	76.27	7.63	83.90
Shredded, Unprocessed Greenwaste	1 tonne	10.27	1.03	11.30	10.55	1.05	11.60
FOGO derived dig-in compost	1 tonne		N/A		31.82	3.18	35.00
<u>Trailer Loaded Products (per scoop)</u>							
Soil Improver	1 scoop	14.55	1.45	16.00	15.01	1.49	16.50
Mixed Mulch	1 scoop	14.55	1.45	16.00	15.01	1.49	16.50
FOGO derived dig-in compost	1 scoop		N/A		15.91	1.59	17.50
Note 1 : Quotes can be provided for delivery of material/products.							
Note 2 : Upon the commissioning of new weighbridges at the Hazelmere Resource Recovery Park, all inward and outward material will be charged on a per tonne rate and not on a cubic (m³) rate.							
** Material purchases in excess of 400 tonnes and 2,000 tonnes over the financial year are subject to a discount of 15% and 20% respectively.							

Note: Attractive discounts available to major customers and Local Governments.

**EASTERN METROPOLITAN REGIONAL COUNCIL
2022-2023 - SCHEDULE OF OTHER FEES AND CHARGES**

Description	Unit	2022/2023 Charges with no GST	Value of GST	2022/2023 Charges inc GST
		\$	\$	\$
<u>Consulting Fees</u>				
<u>Member Councils</u>				
Senior Executive	1 hour	126.36	12.64	139.00
Manager	1 hour	111.45	11.15	122.60
Co-ordinator	1 hour	96.45	9.65	106.10
Officer	1 hour	68.36	6.84	75.20
<u>Other Organisations</u>				
Senior Executive	1 hour	380.00	38.00	418.00
Manager	1 hour	280.00	28.00	308.00
Co-ordinator	1 hour	220.00	22.00	242.00
Officer	1 hour	180.00	18.00	198.00
<u>Miscellaneous Charges</u>				
<u>Vehicle Charges</u>				
Commercial Vehicle	1 hour	25.00	2.50	27.50
<u>Photocopier Charges</u>				
Black & White A4 print	per page	0.41	0.04	0.45
Black & White A3 print	per page	0.55	0.05	0.60
Colour A4 print	per page	0.50	0.05	0.55
Colour A3 print	per page	0.64	0.06	0.70

WASTE DISPOSAL TONNAGES

**For the Year Ending
30 June 2023**

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TONNAGES ANALYSIS

COUNCIL	ACTUAL 2019/2020 TONNES	ACTUAL 2020/2021 TONNES	BUDGET 2021/2022 TONNES	FORECAST 2021/2022 TONNES	BUDGET 2022/2023 TONNES
Bassendean	6,082	2,920	3,240	3,012	3,149
Bayswater/Baywaste	25,589	25,481	20,480	20,733	22,179
Belmont	16,147	16,376	0	0	0
Kalamunda	23,810	21,800	23,605	21,917	7,315
Mundaring	12,376	12,467	12,055	15,004	6,920
Swan	50,052	52,166	49,075	57,592	24,528
Sub-total - Member Councils (MSW)	134,057	131,210	108,455	118,258	64,091
Bassendean - Greenwaste	510	348	0	9	0
Bayswater/Baywaste - Greenwaste	2,751	1,565	450	680	399
Belmont - Greenwaste	852	685	0	0	0
Kalamunda - Greenwaste	2,144	2,228	2,030	2,428	2,177
Mundaring - Greenwaste	459	0	0	576	0
Swan - Greenwaste	551	463	600	488	557
Transfer Station - Greenwaste	639	1,039	735	1,039	905
Commercial/Other - Greenwaste	813	631	1,200	1,807	2,540
Sub-total - Greenwaste	8,719	6,958	5,015	7,027	6,578
Hazelmere - C & I, WWTE, Wood & Mattress Waste	1,538	1,571	1,950	2,674	2,091
Non-Member Local Governments	40,726	39,912	40,000	0	0
EMRC Transfer Stn (Trailers & Commercial etc)	5,057	5,039	5,155	5,155	5,040
Asbestos (Wrapped)	2,217	2,632	2,430	2,673	2,480
Commercial/Other Class III (exc. Asbestos)	14,956	18,180	21,500	71,000	39,000
Liquid Waste	0	0	0	0	0
FOGO (trial) - Town of Bassendean	0	2,970	2,875	3,837	3,837
FOGO (trial) - City of Bayswater	0	2,753	12,390	12,555	12,555
Contaminated Class III	28,314	18,430	15,000	10,000	10,000
Class IV Waste	572	4,441	8,000	6,500	12,900
Class V - Concrete Encapsulation	0	0	0	0	0
Sub-total - Other Tonnages	93,380	95,929	109,300	114,394	87,903
TOTAL TONNAGES TO REDHILL WASTE DISPOSAL FACILITY	236,156	234,097	222,770	239,679	158,572
Class III	226,865	216,976	194,490	209,760	122,702
Class IV & V	572	4,441	8,000	6,500	12,900
Greenwaste	8,719	6,958	5,015	7,027	6,578
FOGO	0	5,722	15,265	16,392	16,392
SUMMARY TOTAL TONNAGES TO REDHILL WASTE DISPOSAL FACILITY	236,156	234,097	222,770	239,679	158,572
<u>Hazelmere Transfer Station</u>					
Kalamunda	0	0	0	0	15,040
Mundaring	0	0	0	0	8,384
Swan	0	0	0	0	34,216
TOTAL TONNAGES TO HAZELMERE TRANSFER STATION	0	0	0	0	57,640

FINANCIAL PERFORMANCE BY ACCOUNT

**For the Year Ending
30 June 2023**

Financial Performance by Account 2022/2023

CEO's Team		Budget 2021/2022	Forecast 2021/2022	Budget 2022/2023
CEO and Support				
Operating Expenditure				
72851/06	IT Support - Councillors	89,140	93,256	94,956
73904/01	Attend Corporate and Award Functions and Events - Governance	1,400	1,400	1,400
73906/00	Provide Compliance Services and Internal Audit	58,916	58,916	61,844
73917/09	Provide Staff Annual Leave - CEO's Department	1,000	1,000	1,000
73918/08	Recruit Senior Staff	25,600	25,600	25,600
73918/11	Recruit Staff - CEO's Department	10,000	10,000	10,000
73919/10	Train and Develop Staff - CEO's Department	17,000	17,000	17,330
73922/09	Provide Staff Long Service Leave - CEO's Department	1,000	1,000	1,000
73966/00	Undertake Regional Advocacy - CEO/Councillors	4,000	4,000	4,000
73981/01	Manage CEO's Department	495,919	464,380	531,296
73989/00	Undertake Strategic Planning Research and Special Projects	75,000	75,000	50,000
73992/01	Hold Stakeholder Events/Functions	25,000	25,000	25,000
73993/00	Governance - Council Members	348,322	434,578	234,489
73994/00	Conduct Committee Meetings	3,000	3,000	3,000
73995/00	Conduct Council Meetings	21,500	21,500	22,100
73995/01	Catering Kitchen - Provisions	11,500	10,000	10,500
73996/00	Conduct Other Functions	20,650	24,630	28,660
73996/02	EMRC Staff Kitchen - Provisions	10,050	10,050	10,250
73999/00	Prepare Strategic Plan and Plan for the Future	26,515	10,000	11,530
		1,245,512	1,290,310	1,143,955
Capital Expenditure				
24550/01	Purchase Information Technology & Communication Equipment -	30,000	0	35,000
24620/00	Purchase Art Works	10,000	10,000	10,000
		40,000	10,000	45,000
Net Income/(Expenditure)		(1,285,512)	(1,300,310)	(1,188,955)
Human Resources				
Operating Income				
58912/00	Income Human Resource Services	0	8,440	0
		0	8,440	0
Operating Expenditure				
73911/00	Provide Staff Health Welfare - EAP	4,000	4,000	4,100
73911/01	Implement Health Promotion Activities	14,000	14,000	14,350
73911/02	Provide Staff Health Welfare - 1st Aid	4,530	41,030	42,060
73912/00	Provide Human Resource Management Service	563,588	565,631	635,707
73912/01	Conduct Employee Service Recognition Presentations	3,030	3,030	3,030
73919/00	Train and Develop Staff - Corporate General	22,000	22,000	22,550
73988/02	Facilitate Continuous Improvement Programme	2,650	2,650	2,725
73988/03	Implement the Rewards and Recognition Programme	5,000	5,000	5,125
73999/03	Implement Disability Access & Inclusion Plan	1,000	1,000	1,025
73999/04	Implement Workforce Plan Initiatives	2,060	2,060	2,100
		621,858	660,401	732,772
Net Income/(Expenditure)		(621,858)	(651,961)	(732,772)
Unlisted SubTeam				
Operating Income				
59961/00	Income Marketing and Communications	50	50	0
		50	50	0

Financial Performance by Account ⁷⁹2022/2023

CEO's Team		Budget 2021/2022	Forecast 2021/2022	Budget 2022/2023
Unlisted SubTeam				
Operating Expenditure				
73953/01	Support and Maintenance of EMRC Web Sites	20,000	20,000	20,600
73961/00	Manage Marketing and Communications Services	109,977	110,968	116,318
73961/01	Conduct Biennial Stakeholder Perception Survey	19,100	9,546	10,000
73963/00	Prepare Annual Report	8,700	3,940	8,200
73965/00	Conduct Promotions/Public Relations Events - Marketing	2,000	2,000	2,000
		159,777	146,454	157,118
Net Income/(Expenditure)		(159,727)	(146,404)	(157,118)
Net Operating and Capital Expenditure for CEO's Team		2,067,097	2,098,675	2,078,845

Financial Performance by Account ⁸⁰ 2022/2023

Business Support		Budget 2021/2022	Forecast 2021/2022	Budget 2022/2023
Business Support - General				
Operating Expenditure				
73914/01	Implement Governance and Corporate Services Study Assistance	3,000	1,000	3,000
73918/01	Recruit Staff - Business Support	10,000	10,000	10,000
73919/01	Train and Develop Staff - Business Support	39,750	44,711	40,750
73981/00	Manage Governance and Corporate Services Business Unit	436,038	479,458	515,506
		488,788	535,169	569,256
Capital Expenditure				
24510/01	Purchase Furniture Fittings & Equipment - Corporate Services	10,000	10,000	10,000
		10,000	10,000	10,000
Net Income/(Expenditure)		(498,788)	(545,169)	(579,256)

Financial Performance by Account ⁸¹ 2022/2023

Business Support		Budget 2021/2022	Forecast 2021/2022	Budget 2022/2023
Finance Team				
Operating Income				
59943/00	Income Financial Services	4,000	6,500	9,500
59945/00	Income Municipal Cash Investments	32,000	37,029	68,000
59945/02	Income Municipal Cash at Bank	100,000	100,000	2,000
		136,000	143,529	79,500
Operating Expenditure				
71981/00	Internal Revenue Governance and Corporate Services Business	(5,150,915)	(5,150,915)	(5,253,780)
73943/00	Provide Financial Services	676,651	672,653	752,773
73943/01	Provide Financial Services - Non GST Fees and Charges	1,566	1,566	1,600
73981/99	Councillors - Corporate Services Allocation	511,415	511,415	521,643
73982/99	Waste Management Services Business Unit - Corporate Services	2,834,273	2,834,273	2,890,958
73983/99	Regional Development Business Unit - Corporate Services	689,210	689,210	702,994
73984/99	Environmental Services Business Unit - Corporate Services	689,210	689,210	702,994
		251,410	247,412	319,182
Other Income				
59945/01	Income Restricted Cash Investments	799,975	439,869	809,453
		799,975	439,869	809,453
Other Expenditure				
73986/99	Resource Recovery Business Unit - Corporate Services Allocation	419,207	419,207	427,591
		419,207	419,207	427,591
Net Income/(Expenditure)		265,358	(83,221)	142,180
Information Team				
Operating Expenditure				
65420/06	Operate and Maintain Power Supply Equipment - Ascot Place	9,934	9,991	10,045
66550/00	Operate and Maintain Information Technology & Communication	411,241	411,241	409,505
66560/00	Operate and Maintain Network Communications Equipment	950	950	1,045
66570/00	Operate and Maintain Information Technology Servers	950	950	1,045
71951/00	Internal Revenue Information Technology Services	0	(115,723)	(110,339)
73951/00	Manage Information Technology Services	469,304	458,714	507,593
73951/01	Provide Records Management Services	12,400	27,900	11,900
73952/00	Manage Application and Operating System Software	425,620	490,299	489,965
73953/00	Manage Telecommunications	42,120	72,120	135,120
		1,372,519	1,356,442	1,455,879
Other Expenditure				
83550/00	Disposal of Information Technology PC's and Printers	0	733	0
		0	733	0
Capital Expenditure				
24550/00	Purchase Information Technology & Communication Equipment	129,000	163,000	105,000
		129,000	163,000	105,000
Net Income/(Expenditure)		(1,501,519)	(1,520,175)	(1,560,879)

Financial Performance by Account ⁸²2022/2023

Business Support		Budget 2021/2022	Forecast 2021/2022	Budget 2022/2023
Procurement and Governance				
Operating Income				
54440/00	Income Vehicles - Ascot Place	100	100	100
		100	100	100
Operating Expenditure				
61440/00	Internal Revenue Vehicles - Ascot Place	(125,050)	(182,979)	(141,159)
63240/01	Operate and Maintain Administration Building - Ascot Place	320,066	352,531	314,804
63240/02	Clean Administration Building - Ascot Place	38,940	38,940	50,065
65420/07	Operate and Maintain Office Furniture and Miscellaneous Plant and	5,800	6,124	5,594
65440/00	Operate and Maintain Vehicles - Ascot Place	121,830	130,471	152,968
66510/01	Operate and Maintain Office Equipment - Corporate Services	3,066	2,255	4,280
66520/10	Operate and Maintain Fire Fighting Equipment - Ascot Place	500	500	500
66530/01	Operate and Maintain Security System - Ascot Place	250	0	625
67610/01	Operate and Maintain Office Furniture and Fittings - Corporate	5,508	6,250	5,116
73901/00	Provide Administrative Service	423,546	384,332	459,307
		794,456	738,424	852,100
Other Income				
82440/00	Income Disposal of Vehicles - Ascot Place	193,000	171,000	72,000
		193,000	171,000	72,000
Other Expenditure				
83440/00	Disposal of Vehicles - Ascot Place	138,776	116,000	49,200
		138,776	116,000	49,200
Capital Expenditure				
24440/00	Purchase Vehicles - Ascot Place	266,000	197,000	186,000
25240/01	Capital Improvement Administration Building - Ascot Place	458,000	0	458,000
25530/01	Upgrade Security Equipment - Ascot Place	5,000	5,000	5,000
		729,000	202,000	649,000
Net Income/(Expenditure)		(1,469,132)	(885,324)	(1,478,200)
Net Operating and Capital Expenditure for Business Support		3,204,081	3,033,889	3,476,156

Financial Performance by Account ⁸³ 2022/2023

Sustainability Team		Budget 2021/2022	Forecast 2021/2022	Budget 2022/2023
Advocacy				
Operating Expenditure				
73917/11	Provide Staff Annual Leave - Advocacy	1,000	1,000	1,000
73966/02	Implement Regional Advocacy Strategy	231,311	222,534	237,729
73983/03	Support Sustainability Team Grant/Sponsorship Opportunities	10,000	0	10,000
		242,311	223,534	248,729
Other Expenditure				
72883/01	Support Waste Management Community Reference Group	7,600	2,150	5,100
		7,600	2,150	5,100
Net Income/(Expenditure)		(249,911)	(225,684)	(253,829)
Natural Environmental Team				
Operating Income				
58721/10	Income Coordination of Community-led NRM Projects in Eastern	105,000	0	0
58721/16	Income Farm Dams Project	100,000	0	0
58721/17	Income Eastern Region Catchment Management Program	14,000	0	0
		219,000	0	0
Operating Expenditure				
71915/05	Internal Revenue Staff Leave Entitlements - Natural Environment	0	(11,960)	0
72721/07	Undertake Coordination of Community-led NRM Projects in Eastern	91,390	46,785	0
72721/29	Implement Steaming to Success	0	96	0
72721/36	Farm Dams Project	120,000	0	0
72721/37	Implement Eastern Region Catchment Management Program	32,464	(165)	0
73917/05	Provide Staff Annual Leave - Natural Environment Services	0	7,386	0
73918/05	Recruit Staff - Natural Environment Services	0	200	0
73919/05	Train and Develop Staff - Natural Environment Team	1,000	2,765	0
73922/05	Provide Staff Long Service Leave - Natural Environment Services	0	22,317	0
73923/05	Provide Staff RDO and TIL Leave - Natural Environment Services	0	567	0
73984/00	Coordinate Natural Environmental Business Unit	0	791	0
		244,854	68,782	0
Net Income/(Expenditure)		(25,854)	(68,782)	0

Financial Performance by Account ⁸⁴ 2022/2023

Sustainability Team		Budget 2021/2022	Forecast 2021/2022	Budget 2022/2023
Urban Environmental Team				
Operating Income				
58721/18	Income Regional Spatial Mapping	37,000	0	0
58739/07	Income Urban Environment Sustainability Programs	102,518	81,479	95,840
58787/05	Income Sustainable Transport Strategy including Net Zero	49,235	29,235	0
58799/02	Income Flood Risk Project	20,000	30,000	0
58829/01	Income Avon Descent	187,386	187,386	185,190
58983/00	Income Regional Economic Development Projects	22,321	22,321	0
		418,460	350,421	281,030
Operating Expenditure				
71915/04	Internal Revenue Staff Leave Entitlements - Urban Environment	(44,999)	(61,957)	(52,066)
72721/38	Implement Regional Spatial Mapping	37,000	0	0
72739/08	Implement Urban Environment Sustainability Programs	122,639	176,692	216,357
72752/00	Reconciliation Action Plan (RAP)	24,750	29,641	10,768
72782/01	Implement Regional Economic Development Projects	45,213	55,907	0
72787/01	Implement Sustainable Transport Strategy including Net Zero	121,875	90,683	64,847
72799/02	Provide Regional Economic Profile Information	28,000	28,000	29,000
72799/03	Implement Flood Risk Project	26,500	28,475	0
72829/01	Support Avon Descent	197,807	197,226	201,777
72829/02	Support Other Regional Events and Forums	18,875	11,794	0
73914/04	Implement Sustainability Staff Study Assistance Programme	1,000	1,000	1,000
73917/04	Provide Staff Annual Leave - Urban Environment	41,374	34,329	38,207
73918/04	Recruit Staff - Urban Environment	500	0	500
73919/04	Train and Develop Staff - Urban Environment Team	15,403	12,032	15,729
73921/04	Provide Staff Sick Leave - Urban Environment	17,606	11,812	16,259
73922/04	Provide Staff Long Service Leave - Urban Environment	1,977	1,977	2,036
73923/04	Provide Staff RDO and TIL Leave - Urban Environment	0	963	0
73924/04	Provide Staff Public Holiday Leave - Urban Environment	17,606	14,298	16,259
73983/00	Coordinate Urban Environment Business Unit	206,560	142,179	124,129
73983/04	Urban Environment Research and Development Related Studies	30,000	16,040	30,000
73983/06	IT Support - Urban Environmental	650	650	4,307
73983/07	Undertake EMRC and Other Agency Initiatives - Urban Environment	0	0	18,135
		910,336	791,741	737,244
Net Income/(Expenditure)		(491,876)	(441,320)	(456,214)
Waste Education - FOGO				
Other Income				
58864/03	Income FOGO - Waste Education	91,692	104,014	96,960
58864/04	Income - Recoup of Procurement Cost for FOGO Caddys and Liners	0	10,375	0
		91,692	114,389	96,960
Other Expenditure				
72864/08	Conduct FOGO - Waste Education	294,378	290,004	337,551
		294,378	290,004	337,551
Net Income/(Expenditure)		(202,686)	(175,615)	(240,591)

Financial Performance by Account ⁸⁵ 2022/2023

Sustainability Team

Budget
2021/2022

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Budget
2022/2023

Waste Education – General

Operating Income

58873/01	Income Stakeholder Waste Education	493,047	540,479	613,654
58873/04	Income Regional Waste Education Marketing Materials	0	1,300	0
58873/05	Income Tackling the Troublesome Two Project	0	568	0
58873/07	Income Circular Economy in the Community	0	20,000	0
		493,047	562,347	613,654

Operating Expenditure

63253/00	Operate and Maintain Environ. Education Centre Blds - Red Hill	22,496	29,448	26,986
68690/02	Operate and maintain miscellaneous Furniture and fittings - Edu	1,920	2,225	1,739
71915/10	Internal Revenue Staff Leave Entitlements - Waste Education	(90,451)	(54,898)	(90,795)
72866/01	Conduct Battery Collection Programme	75,401	53,420	45,172
72871/00	Provide Site Tours - Red Hill Landfill Facility	31,213	18,593	0
72873/00	Conduct Waste Education Programmes	314,219	200,292	332,697
72873/01	Provide Stakeholder Waste Education Service	0	250	0
72873/02	Conduct Waste Education Research / Surveys	10,000	0	10,000
72873/04	Produce Regional Waste Education Marketing Materials	66,000	56,000	55,000
72873/06	Conduct Earth Carers Volunteer Program	39,031	23,711	0
72873/10	Implement Masterclass Project	0	(103)	0
72873/11	Coordinate Waste Education	122,102	71,683	184,636
72873/13	Undertake EMRC and Other Agency Initiatives - Waste Education	0	0	26,012
73917/13	Provide Staff Annual Leave - Waste Education	47,857	30,919	46,762
73919/13	Train and Develop Staff - Waste Education Staff	17,970	15,764	20,737
73921/13	Provide Staff Sick Leave - Waste Operations	19,939	8,250	19,473
73922/13	Provide Staff Long Service Leave - Waste Educatiion	1,000	1,000	1,000
73923/13	Provide Staff RDO and TIL Leave - Waste Education	0	637	0
73924/13	Provide Staff Public Holiday Leave - Waste Education	19,939	10,060	19,473
		698,636	467,251	698,892

Net Income/(Expenditure)

(205,589) **95,096** **(85,238)**

Net Operating and Capital Expenditure for Sustainability Team

1,175,916 **816,305** **1,035,872**

Financial Performance by Account ⁸⁶ 2022/2023

Operations Team

Budget
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2021/2022

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Hazelmere Operations

Operating Income

53221/00	Income - Hazelmere Site General Income	39,100	58,100	39,100
58857/09	Income Power Poles Steel Recycling - Hazelmere Facility	386,880	386,880	386,880
58888/01	Income Woodwaste Project	1,946,087	1,997,956	2,004,370
58888/02	Income Mattress Project - Hazelmere	499,360	589,319	564,799
58888/05	Income Woodwaste Project (broiler growers guarantee fee) -	30,000	30,000	30,000
58888/08	Income Western Power pole handling fee	0	5,460	5,460
58888/09	Income Firewood Processing Project	0	0	176,036
		2,901,427	3,067,715	3,206,645

Operating Expenditure

62120/00	Operate and Maintain Hazelmere Site	228,552	209,959	234,384
63221/00	Operate and Maintain Hazelmere Buildings	85,737	67,481	51,141
63259/02	Operate and Maintain Other Waste Management Buildings	70,436	70,436	61,601
64392/01	Operate and Maintain Weighbridge Structure - Hazelmere	31,356	18,277	16,905
64393/01	Operate and Maintain Water Storage Dams/Tanks - Hazelmere	1,180	2,144	1,894
64394/01	Operate and Maintain Perimeter Fencing - Hazelmere	22,292	23,034	18,891
64394/06	Operate and Maintain Noise Control Fencing - Hazelmere	0	0	5,550
64395/02	Operate and Maintain Hardstand & Road - Hazelmere	59,054	60,184	58,036
64396/03	Operate and Maintain Monitoring Bores - Hazelmere	3,992	723	565
65410/02	Operate and Maintain Plant - Hazelmere	61,718	73,045	165,811
65420/08	Operate and Maintain Miscellaneous Plant - Hazelmere	41,820	57,589	68,752
66520/09	Operate and Maintain Fire Fighting Equipment - Hazelmere	28,596	59,469	27,567
66530/09	Operate and Maintain Security System - Hazelmere	30,752	33,307	48,620
66590/09	Operate and Maintain Other Equipment - Hazelmere	27,792	37,010	31,302
67610/09	Operate and Maintain Office Furniture and Fittings - Hazelmere	5,000	6,608	31,466
71915/09	Internal Revenue Staff Leave Entitlements - Hazelmere Operations	(144,707)	(107,539)	(223,907)
72851/05	IT Support - Hazelmere Operations	51,010	68,586	49,154
72888/01	Manage Woodwaste Project - Hazelmere	2,127,202	2,346,173	2,275,105
72888/02	Manage Mattress Project - Hazelmere	547,755	560,631	613,177
72888/05	Woodwaste Project - Hazelmere (broiler growers guarantee fee)	30,000	16,800	30,000
72888/08	Manage Woodwaste Project (Weighbridge Software) - Hazelmere	12,760	12,760	13,140
72888/09	Manage Firewood Processing Project - Hazelmere	0	0	105,601
73917/12	Provide Staff Annual Leave - Hazelmere Operations	65,694	61,080	110,732
73918/10	Recruit Staff - Hazelmere	2,000	2,000	2,000
73919/09	Train and Develop Staff - Hazelmere Operations Staff	10,245	14,740	27,797
73921/12	Provide Staff Sick Leave - Hazelmere Operations	27,529	23,178	46,694
73922/12	Provide Staff Long Service Leave - Hazelmere Operations	1,000	1,000	1,000
73923/12	Provide Staff RDO and TIL Leave - Hazelmere Operations	0	(689)	0
73924/12	Provide Staff Public Holiday Leave - Hazelmere Operations	27,529	22,575	46,694
		3,456,294	3,740,561	3,919,672

Other Income

58986/04	Income Resource Recovery Commercial Transfer Station	0	0	10,836,320
58986/05	Income Hazelmere C & I Project	307,730	309,694	316,960
		307,730	309,694	11,153,280

Other Expenditure

63259/04	Operate and Maintain Resource Recovery Commercial Transfer	0	0	251,371
63259/05	Operate and Maintain C & I Building	21,638	72,956	56,153
64398/01	Operate and Maintain Infrastructure - Resource Recovery Park	35,457	0	0
64399/00	Operate and Maintain Resource Recovery Park - Hazelmere	0	0	12,503
65410/05	Operate and Maintain C & I Building - Plant and Equipment	83,212	94,876	76,825
65420/09	Operate and Maintain Minor Plant/Equipment - Resource Recovery	132	1,193	114
66590/07	Operate and Maintain Miscellaneous Equipment - Resource	704	736	684
72884/01	Undertake Waste Stream Audits - Hazelmere Commercial Transfer	0	0	50,000
72986/00	Manage Resource Recovery Project	0	941	0

Financial Performance by Account ⁸⁷2022/2023

Operations Team		Budget 2021/2022	Forecast 2021/2022	Budget 2022/2023
Hazelmere Operations				
Other Expenditure				
72986/03	Manage C & I Plant	188,640	96,842	127,200
72986/04	Manage Materials Recovery Facility (MRF) - Hazelmere	0	0	28,137
72986/06	Commercial Transfer Station - HRRP	0	0	7,516,301
73918/07	Recruit Staff - Resource Recovery	0	0	500
73919/07	Train and Develop Staff - Resource Recovery	0	118	0
73923/07	Provide Staff RDO and TIL Leave - Resource Recovery	0	335	0
		329,783	267,997	8,119,787
Capital Expenditure				
24410/01	Purchase / Replace Plant - Hazelmere	650,000	678,098	2,445,000
24420/02	Purchase / Replace Minor Plant and Equipment - Hazelmere	104,000	49,000	299,000
24520/07	Purchase Fire Fighting System/Equipment - Hazelmere	5,000	5,000	10,000
24530/10	Purchase / Replace Security System - Hazelmere	10,000	19,250	0
24550/03	Purchase Information Technology & Communication Equipment -	30,000	0	30,000
24590/02	Purchase / Replace Miscellaneous Equipment - Hazelmere	0	15,000	0
24610/10	Purchase Office Furniture and Fittings - Hazelmere Office	70,000	60,000	20,000
24610/11	Purchase Furniture and Fittings - Hazelmere Workshop	60,000	10,000	55,000
		929,000	836,348	2,859,000
Net Income/(Expenditure)		(1,505,920)	(1,467,497)	(538,535)
Operations Other				
Operating Expenditure				
72860/00	Market Waste Facility Products	67,750	83,340	52,400
73917/10	Provide Staff Annual Leave - Operations General	1,000	1,000	1,000
73918/12	Recruit Staff - Operations General	5,000	5,000	5,000
73919/11	Train and Develop Staff - Operations General	10,500	10,500	10,500
73922/10	Provide Staff Long Service Leave - Operations General	1,000	1,000	1,000
73982/01	Manage Waste Management Operations	411,089	363,780	475,758
		496,339	464,620	545,658
Other Expenditure				
72864/10	Market FOGO Products	5,000	5,000	4,000
72888/00	Market Resource Recovery Products	9,500	9,500	12,000
		14,500	14,500	16,000
Net Income/(Expenditure)		(510,839)	(479,120)	(561,658)

Financial Performance by Account ⁸⁸ 2022/2023

Operations Team

Budget
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Red Hill Operations

Operating Income

53310/00	Income Class III Cells - Red Hill Landfill Facility	26,102,954	23,855,877	14,750,971
53310/01	Income Tyre Recovery Charge Class III Cells - Red Hill Landfill	7,500	7,500	7,500
53310/04	Income Class III Cells - Cleanaway Commercial (via Baywaste) -	0	6,086,505	2,977,702
53330/00	Income Class IV Cells - Red Hill Landfill Facility	1,602,120	1,302,660	2,657,756
53335/00	Income APCR Facility - Red Hill Landfill Facility	0	0	998,328
58851/00	Income Red Hill Landfill Administration	500	500	500
58857/00	Income Waste Transfer Station Operations - Red Hill Landfill Facility	1,761,702	1,784,565	1,834,213
58857/05	Income Tip Face Steel Recycling - Red Hill Waste Management	500	0	0
58861/00	Income Surplus Clay	2,000	0	0
58862/00	Income Laterite	174,840	174,840	317,060
58863/00	Income Methane	400,000	300,000	287,500
58864/00	Income Greenwaste Operations - General	380,535	470,104	516,925
58888/04	Income Mattress Project - Red Hill	0	0	0
		30,432,651	33,982,551	24,348,455

Operating Expenditure

61430/00	Internal Revenue Vehicles - Red Hill Landfill Facility	(115,928)	(131,154)	(125,000)
62150/00	Operate and Maintain Waste Management Land - Redhill Landfill	40,830	46,019	51,538
62150/03	Operate and Maintain Waste Management Land - Lot 501 (Lot 81	2,500	2,500	2,500
62150/06	Operate and Maintain Waste Management Land - Lots 8 9 and 10	3,500	3,500	3,500
62151/00	Operate and Maintain Waste Management Land - Red Hill Farm	17,034	16,943	17,639
63251/00	Operate and Maintain Administration Buildings - Red Hill Landfill	63,619	65,228	72,131
63252/00	Operate and Maintain Training Centre Buildings (House) - Red Hill	11,074	11,481	11,162
63259/00	Operate and Maintain Other Waste Management Buildings Red Hill	76,640	77,842	210,495
64310/01	Operate and Maintain Class III Cells - Receive and Compact Waste	1,554,775	1,714,815	1,724,930
64310/02	Operate and Maintain Class III Cells - Suppress Dust	152,033	118,160	131,240
64310/03	Operate and Maintain Class III Cells - Manage Litter	138,115	165,290	148,974
64310/04	Operate and Maintain Class III Cells - Manage Traffic and Maintain	138,222	134,920	147,813
64310/05	Operate and Maintain Class III Cells - Supply and Maintain	564,191	490,002	483,166
64310/07	Operate and Maintain Class III Cell Drainage System - Red Hill	57,020	59,488	59,835
64310/08	Operate and Maintain Class III Cells - Cell Usage (Airspace	13,372,817	14,990,691	7,795,812
64310/09	Operate and Maintain Class III Cells - Maintain Liner	72,846	63,527	63,529
64310/10	Rehabilitate Class III Cells - Red Hill Landfill Facility	434,445	349,332	384,436
64310/16	Operation and Maintain Class III Cells - Cleanaway Commercial (via	0	580,503	285,250
64320/01	Operate and Maintain Class III Leachate Ponds - Red Hill Landfill	436,969	173,672	166,291
64330/01	Operate and Maintain Class IV Cells - Receive and Compact Waste	144,279	101,150	79,541
64330/02	Operate and Maintain Class IV Cells - Suppress Dust	5,217	7,681	5,755
64330/03	Operate and Maintain Class IV Cells - Maintain Liner / Sand Filter	100,000	100,000	50,000
64330/04	Operate and Maintain Class IV Cells - Manage Traffic and Maintain	861	466	569
64330/05	Operate and Maintain Class IV Cells - Supply and Maintain	52,518	56,297	53,619
64330/07	Operate and Maintain Class IV Cell Drainage System - Red Hill	7,752	9,199	10,015
64330/08	Operate and Maintain Class IV Cells - Cell Usage (Airspace	608,686	559,910	1,111,206
64335/00	Operate and Maintain APCR Facility - Received and Process Waste	0	0	1,287,996
64340/01	Operate and Maintain Class IV Leachate Ponds - Red Hill Landfill	36,443	33,987	41,809
64350/00	Operate and Maintain Siltation Ponds - Red Hill Landfill Facility	45,567	19,060	29,483
64370/00	Operate and Maintain Roads / Car Parks - Red Hill Landfill Facility	93,742	57,396	101,964
64380/00	Operate and Maintain Stormwater System - Red Hill Landfill Facility	76,200	66,687	66,634
64391/00	Operate and Maintain Waste Transfer Station Buildings - Red Hill	4,046	3,910	4,328
64392/00	Operate and Maintain Weighbridge Structure - Red Hill	28,023	24,805	24,466
64394/00	Operate and Maintain Fencing - Red Hill Landfill Facility	44,918	48,971	50,799
64395/00	Operate and Maintain Greenwaste Processing Area (Unsealed	58,916	2,633	2,166
64398/00	Operate and Maintain Miscellaneous Waste Management Structures	84,478	37,423	132,718
65410/01	Operate and Maintain Plant - Arrange for servicing repairs and	4,335	9,008	14,885
65410/07	Operate and Maintain Major Plant - Red Hill Leachate Project	32,052	37,049	28,950
65420/01	Operate and Maintain Minor Plant - Water Pumps/Wheel Wash	66,183	73,336	73,477
65420/02	Operate and Maintain Minor Plant - Other	240,302	233,573	281,711
65420/03	Operate and Maintain Minor Plant - Water Tanker	132	150	117
65420/04	Operate and Maintain Minor Plant-Trailers-Red Hill	10,334	10,534	7,975

Financial Performance by Account ⁸⁹ 2022/2023

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Red Hill Operations

Operating Expenditure

65420/11	Operate and Maintain Minor Plant - Red Hill Leachate Project	6,156	5,717	4,467
65420/99	Operate and Maintain Minor Plant - Misc Attachments - Red Hill	178,834	163,992	145,923
65430/00	Operate and Maintain Vehicles - Red Hill Landfill Facility	127,655	136,888	144,089
66510/08	Operate and Maintain Office Equipment - Redhill Landfill Facility	6,800	8,087	8,131
66520/08	Operate and Maintain Fire Fighting Equipment - Red Hill Landfill	7,600	7,600	7,600
66530/08	Operate and Maintain Security System - Red Hill Waste	48,155	37,679	62,174
66530/10	Operate and Maintain Security System Education / Training Centre	500	500	500
66590/08	Operate and Maintain Other Equipment - Red Hill Landfill Facility	62,321	58,881	60,790
67610/08	Operate and Maintain Office Furniture and Fittings - Red Hill Landfill	3,000	3,000	3,000
71915/03	Internal Revenue Staff Leave Entitlements - Red Hill Landfill	(84,312)	(120,467)	(103,655)
71916/00	Internal Revenue Red Hill Operations Staff On Costs	(607,054)	(522,823)	(714,730)
72851/00	Manage and Administer Red Hill Landfill Facility	717,303	763,521	949,268
72851/02	Manage Red Hill Landfill Facility Safety Requirements	7,600	7,600	7,600
72851/03	Support EMRC Community Grants Program	15,818	15,302	15,828
72851/04	IT Support - Administer Red Hill Landfill Facility	48,100	59,636	61,916
72857/00	Manage Waste Transfer Station Operations - Red Hill Landfill	892,250	733,831	955,866
72858/00	Manage Weighbridge Operations - Red Hill Landfill Facility	224,021	247,882	314,891
72858/01	Manage Weighbridge Operations (Software) - Red Hill Landfill	20,810	20,810	21,430
72861/00	Manage Surplus Clay Stock Pile	23,137	5,899	7,815
72862/00	Manage Laterite	74,888	41,046	73,188
72862/02	Crush and Screen Lateritic Caprock	100,000	921	500,000
72863/00	Manage Methane	9,897	9,335	73,463
72864/01	Manage Greenwaste Composting	53,014	3,470	7,470
72864/02	Manage Greenwaste Mulching	415,777	271,717	383,087
72866/00	Manage Household Hazardous Waste	15,716	11,145	15,077
72866/02	Dispose of Household Hazardous Waste	225	0	244
72866/03	Market Household Hazardous Waste Collections	2,000	2,000	1,000
73916/00	Manage Red Hill Landfill Operations Staff On Costs	170,674	165,027	198,701
73917/03	Provide Staff Annual Leave - Red Hill Landfill Facility Administration	39,079	30,833	39,707
73917/08	Provide Staff Annual Leave - Waste Management Landfill	116,706	119,246	140,965
73918/03	Recruit Staff - Red Hill Landfill	4,000	4,000	4,000
73919/03	Train and Develop Staff - Red Hill Administration Staff	17,798	19,087	16,883
73919/08	Train and Develop Staff - Red Hill Operations Staff	25,642	30,893	45,248
73921/03	Provide Staff Sick Leave - Red Hill Landfill Facility Administration	16,630	10,378	16,896
73921/08	Provide Staff Sick Leave - Waste Management Landfill Operations	48,173	61,606	58,496
73922/08	Provide Staff Long Service Leave - Waste Management Landfill	8,000	14,131	8,000
73923/03	Provide Staff RDO and TIL Leave - Red Hill Landfill Facility	0	(1,178)	0
73923/08	Provide Staff RDO and TIL Leave - Waste Management Landfill	0	8,004	0
73924/03	Provide Staff Public Holiday Leave - Red Hill Landfill Facility	4,989	12,222	16,896
73924/08	Provide Staff Public Holiday Leave - Waste Management Landfill	14,452	37,365	58,496
73936/00	Manage Workshop Operations	20,500	25,000	25,400

21,622,540 **22,935,767** **18,731,542**

Other Income

58864/02	Income FOGO Trial Project	1,389,115	1,491,672	1,339,718
82410/00	Income Disposal of Plant - Red Hill Landfill Facility	100,000	100,000	100,000
82430/00	Income Disposal of Vehicles - Red Hill Landfill Facility	58,000	58,000	188,000

1,547,115 **1,649,672** **1,627,718**

Other Expenditure

65410/08	Operate and Maintain FOGO - Plant and Equipment	104,387	137,925	113,239
72864/06	Implement FOGO Trial Project	649,513	694,094	688,356
72864/07	Undertake FOGO Waste Stream Audits	50,000	50,000	50,000
72864/09	Implement FOGO Project	0	40,828	0
72864/20	Green Deal Alliance Project	0	40,000	0
83390/00	Disposal of Infrastructure - Red Hill Landfill Facility	0	17,317	0
83410/00	Disposal of Plant - Red Hill Landfill Facility	107,500	162,515	142,938

Financial Performance by Account ⁹⁰ 2022/2023

Operations Team		Budget 2021/2022	Forecast 2021/2022	Budget 2022/2023
Red Hill Operations				
Other Expenditure				
83420/00	Disposal of Minor Plant - Red Hill Landfill Facility	0	4,000	0
83430/00	Disposal of Vehicles - Red Hill Landfill Facility	49,589	49,589	64,249
83530/00	Dispose of Security Equipment-Red Hill Landfill Facility	0	1,717	0
		960,989	1,197,985	1,058,782
Capital Expenditure				
24250/01	Construct Waste Management Facility Buildings - Red Hill Landfill	100,000	31,300	68,700
24350/01	Construct Leachate and Stormwater Infrastructure and Siltation	200,000	54,778	70,222
24380/00	Construct Drainage Diversion and Earthworks Infrastructures - Red	100,000	25,000	75,000
24399/10	Air Supply lines - Waste Management Structures - Red Hill Landfill	50,000	50,000	50,000
24399/20	Gas Extraction System Wells - Red Hill Landfill Facility	200,000	216,414	50,000
24410/00	Purchase / Replace Plant - Red Hill Landfill Facility	950,000	355,539	950,000
24420/00	Purchase / Replace Minor Plant and Equipment-Red Hill Landfill	275,000	296,882	495,000
24430/00	Purchase / Replace Vehicles - Red Hill Landfill Facility	132,000	132,000	307,000
24530/08	Purchase / Replace Security System - Red Hill Waste Management	213,500	213,500	60,000
24550/05	Purchase Information Technology & Communication Equipment -	0	0	22,000
24590/00	Purchase / Replace Other Equipment - Red Hill Landfill Facility	40,000	40,000	120,000
25410/00	Refurbish Plant - Red Hill Landfill Facility	300,000	200,000	1,200,000
		2,560,500	1,615,413	3,467,922
Net Income/(Expenditure)		6,835,737	9,883,058	2,717,927
Transfer Stations				
Operating Income				
58857/02	Income Mathieson Road Transfer Station Operations	554,865	438,996	390,371
58857/03	Income Coppin Road Transfer Station Operations	843,113	487,271	499,578
58857/07	Income Baywaste Transfer Station Operations	906,546	912,006	911,417
58857/11	Income Mundaring CDS Operations (at Coppin Road Transfer	0	339,536	595,906
		2,304,524	2,177,809	2,397,272
Operating Expenditure				
72857/02	Manage Mathieson Road Transfer Station Operations	504,423	399,087	354,883
72857/03	Manage Coppin Road Transfer Station Operations	504,086	442,974	454,162
72857/09	Manage Baywaste Transfer Station Operations	824,133	829,096	828,561
72857/12	Manage Mundaring CDS Operations (at Coppin Road Transfer	262,380	308,669	541,733
72857/13	Baywaste Transfer Station - IT Software Subscriptions	0	0	6,000
		2,095,022	1,979,826	2,185,339
Capital Expenditure				
24550/04	Purchase Information Technology & Communication Equipment -	0	0	22,000
		0	0	22,000
Net Income/(Expenditure)		209,502	197,983	189,933
Net Operating and Capital Expenditure for Operations Team		(5,028,480)	(8,134,424)	(1,807,668)

Financial Performance by Account ⁹¹ 2022/2023

Projects Team		Budget 2021/2022	Forecast 2021/2022	Budget 2022/2023
Hazelmere Projects				
Other Income				
58986/02	Income Hazelmere Wood Waste to Energy Project	537,417	0	0
		537,417	0	0
Other Expenditure				
63259/03	Operate and Maintain Hazelmere Wood Waste to Energy - Building	3,754	0	0
65410/03	Operate and Maintain Hazelmere Wood Waste to Energy - Plant and	2,600	0	0
72884/00	Evaluate Resource Recovery Park Options	60,000	1,900	0
72884/02	Undertake Resource Recovery Project Study Tour	14,000	0	0
72889/10	Regional Waste Collection Systems	0	2,914	0
72986/01	Manage Hazelmere Wood Waste to Energy Project	206,720	228,707	0
		287,074	233,521	0
Capital Expenditure				
24259/05	Construct Wood Waste to Energy Building - HRRP	273,032	132,317	459,459
24259/06	Construct Community Recycling Centre (CRC) - HRRP	130,000	94	129,906
24259/10	Construct Commercial Transfer Station - HRRP	3,500,000	4,872,754	2,668,372
24259/13	Construct Site Workshop - HRRP	0	25,743	0
24259/18	Construct Wood Waste to Energy Building (Pre-Commissioning) -	826,920	654,335	1,680,869
24259/19	Construct Wood Waste to Energy Dry Char Storage Facility - HRRP	60,000	24,475	91,000
24259/20	Construct Wood Waste to Energy Bucket Extension - HRRP	40,000	40,000	0
24259/21	Construct Wood Waste to Energy Project (EMRC WWtE Step-In) -	0	121,761	0
24259/22	Wood Waste to Energy Plant - Fire Protection - HRRP	0	0	200,000
24394/06	Resource Recovery Park - Noise Control Fencing	150,000	117,583	198,842
24395/01	Construct Hardstand and Road - Hazelmere	55,000	33,752	0
24399/01	Construct Site Infrastructure - HRRP	0	10,000	0
24399/11	Wood Waste to Energy Utilities/Infrastructure - HRRP	408,754	136,669	335,327
24399/22	Construct Concrete Pad east of C&I Building - HRRP	250,000	255,228	0
24399/23	Extension of Sewer Line from WWtE to Sewer Sump & existing ATU	200,000	20,000	180,000
24399/24	Sewer Line from Lakes Rd to Mary St - HRRP	300,000	5,595	294,405
24399/25	Extension of Concrete Pad with Workshop area - HRRP	120,000	121,653	0
24399/26	Noise Barrier for Hammer Mill - HRRP	100,000	100	99,900
24399/27	Digital Sign (DWER Requirement) - HRRP	50,000	0	50,000
24410/03	Purchase Wood Waste to Energy Plant & Equipment - HRRP	103,987	79,967	24,020
24530/11	Commercial Transfer Station - CCTV and Network - HRRP	0	0	250,000
24530/12	Commercial Transfer Station - Thermal Cameras - HRRP	0	0	150,000
		6,567,693	6,652,026	6,812,100
Net Income/(Expenditure)		(6,317,350)	(6,885,547)	(6,812,100)

Financial Performance by Account ⁹² 2022/2023

Projects Team		Budget 2021/2022	Forecast 2021/2022	Budget 2022/2023
Projects – General				
Operating Income				
58857/10	Income Shire of Coolgardie Project - Projects Team	25,000	60,000	80,000
59982/00	Income Projects Team - General	200,150	50,150	20,500
		225,150	110,150	100,500
Operating Expenditure				
66510/02	Operate and Maintain Office Equipment - Waste Management	0	0	1,000
66590/02	Operate and Maintain Miscellaneous Equipment -Waste	4,744	858	12,670
67610/02	Operate and Maintain Office Furniture and Fittings - Waste	500	500	500
71915/02	Internal Revenue Staff Leave Entitlements - Engineering and Waste	(247,862)	(216,537)	(224,919)
71982/00	Internal Revenue Engineering / Waste Management Business Unit	0	(420,741)	(944,372)
72851/07	IT Support - Projects General	5,500	22,104	20,054
72857/10	Manage Shire of Coolgardie Project - Projects Team	2,500	6,445	76,338
73904/02	Attend Corporate and Award Functions and Events - Engineering	200	200	200
73914/02	Implement Engineering/Waste Management Services Study	1,000	1,000	1,000
73917/02	Provide Staff Annual Leave - Engineering Waste Management	149,963	147,483	138,999
73918/02	Recruit Staff - Engineering / Waste Management	5,000	1,000	5,000
73919/02	Train and Develop Staff - Engineering / Waste Management	87,310	55,718	59,708
73921/02	Provide Staff Sick Leave - Engineering Waste Management	65,619	38,496	60,415
73922/02	Provide Staff Long Service Leave - Engineering Waste Management	5,000	5,000	5,000
73923/02	Provide Staff RDO and TIL Leave - Engineering Waste Management	0	3,925	0
73924/02	Provide Staff Public Holiday Leave - Engineering Waste	65,619	46,879	60,415
73932/00	Undertake Engineering / Waste Management Research and	13,250	11,770	13,807
73982/00	Manage Engineering / Waste Management Business Unit	1,483,582	1,596,915	1,296,411
		1,641,925	1,301,015	582,226
Capital Expenditure				
24150/02	Purchase Waste Management Land	0	257	0
24550/02	Purchase Information Technology & Communication Equipment -	25,000	0	25,000
		25,000	257	25,000
Net Income/(Expenditure)		(1,441,775)	(1,191,122)	(506,726)

Financial Performance by Account ⁹³ 2022/2023

Projects Team		Budget 2021/2022	Forecast 2021/2022	Budget 2022/2023
Red Hill Projects				
Operating Expenditure				
73939/01	Undertake Geotechnical and Materials Investigations	5,000	5,120	5,548
73939/02	Update Red Hill Development Plan	10,000	9,903	11,095
73939/13	Eastlink Infrastructure Relocation Plan	0	0	110,950
		15,000	15,023	127,593
Capital Expenditure				
24250/08	Construct Workshop No 3 - Red Hill Landfill Facility	774,811	1,003,938	617,257
24259/15	Upgrade Power Supply to Workshop No 2 - Red Hill Landfill Facility	250,000	24	249,976
24259/16	Install Power Supply to Lots 8 9 & 10 - Red Hill Landfill Facility	150,000	0	538,326
24310/19	Construct Class III Cell Stage 16 - Red Hill Landfill Facility	0	600,222	0
24310/21	Construct Class III Cell Stage 17 - Red Hill Landfill Facility	350,000	2,500	1,068,677
24330/05	Design and Construct Class IV Cell Stage 3 - Red Hill Landfill	150,000	2,500	1,297,003
24370/00	Construct Roads / Carparks - Red Hill Landfill Facility	185,500	79,500	248,319
24370/02	Construct Access Road to Lots 8 9 10 - Red Hill Landfill Facility	130,000	2,000	682,751
24394/05	Construct Litter Fence - Redhill Landfill Facility	50,000	0	50,000
24395/05	Construct FOGO Processing Area - Red Hill Landfill Facility	0	184,959	90,000
24395/06	Undertake FOGO Reference Site Tours	62,500	25,000	37,500
24395/07	Implementation of the FOGO Recovery Strategy	300,000	154,662	356,144
24399/16	Liquid Waste Project - Red Hill Landfill Facility	500,000	0	1,775,931
24399/21	Air Pollution Control Residue Facility (APCR) - Red Hill Landfill	2,300,000	40,000	2,850,000
24410/10	Purchase FOGO Processing Plant - Red Hill Landfill Facility	0	2,800	25,000
24410/11	Liquid Waste Project Plant - Red Hill Landfill Facility	0	0	550,000
24410/14	Regional Waste Collection Project	0	42,382	25,000
24410/15	Air Pollution Control Residue Facility (APCR) Plant & Equipment -	0	0	964,000
		5,202,811	2,140,487	11,425,884
Net Income/(Expenditure)		(5,217,811)	(2,155,510)	(11,553,477)

94 Financial Performance by Account 2022/2023

Projects Team	Budget 2021/2022	Forecast 2021/2022	Budget 2022/2023
Waste Environmental Team			
Operating Income			
58712/03 Income Waste Mngmt Environ. Cons. - Other Clients	75,000	10,000	50,000
58712/04 Income Waste Management Environmental Consulting - Member	21,856	10,000	22,348
	96,856	20,000	72,348
Operating Expenditure			
64310/06 Operate and Maintain Class III Cells - Sample/Test Materials/Waste	5,250	27,075	6,380
64310/13 Rehabilitate Class III Cells Waste Environmental - Red Hill Landfill	135,000	130,000	177,520
64330/06 Operate and Maintain Class IV Cells - Sample / Test Materials /	35,000	38,196	38,833
64330/10 Rehabilitate Class IV Cells - Red Hill Landfill Facility	4,000	4,000	11,095
64396/00 Operate and Maintain Monitoring Bores - Red Hill Landfill Facility	41,276	31,710	42,835
72712/03 Provide Waste Management Consulting Services - Member	17,361	4,638	29,956
72853/00 Monitor Environmental Impacts - Red Hill Water Monitoring	177,209	183,485	306,199
72856/00 Develop Environmental Management System - Red Hill Landfill	15,500	12,642	22,335
72856/01 Develop Environmental Management System - Hazelmere Resource	0	0	5,000
72859/00 Monitor Environmental Impacts - Red Hill Landfill Other	137,753	317,539	235,918
72859/02 Monitor Environmental Impacts - Red Hill & Hazelmere Occupational	5,515	5,958	13,345
72859/06 Monitor Environmental Impacts - Red Hill Odour Monitoring	2,000	9,706	23,833
72859/07 Monitor Environmental Impacts - Hazelmere Occupational Dust	1,000	2,561	17,704
72859/08 Monitor Environmental Impacts - Hazelmere Water Monitoring	10,000	10,000	3,000
72859/09 Monitor Environmental Impacts - Hazelmere Ambient Dust	11,000	12,300	21,368
72859/11 Monitor Environmental Impacts - Environmental Offsets	22,000	28,155	108,428
72859/12 Monitor Environmental Impacts - Hazelmere Fines Sampling	5,000	12,741	25,731
72859/15 NGRS / NPI Reporting	0	0	17,625
	624,864	830,706	1,107,105
Other Expenditure			
72859/10 Monitor Environmental Impacts - Hazelmere Wood Waste to Energy	55,500	44,761	45,046
	55,500	44,761	45,046
Capital Expenditure			
24396/00 Construct Monitoring Bores - Red Hill Landfill Facility	70,000	29,900	150,000
24396/02 Construct Monitoring Bores - Hazelmere	70,000	0	0
24590/09 Purchase Wood Fines Sampling Equipment - Waste Environment	0	0	60,000
24590/10 Purchase of Fume Hood at HRRP - Waste Environment	0	0	30,000
24590/11 Purchase of Equipment for Testing of Basic Parameters - Waste	0	0	30,000
	140,000	29,900	270,000
	(723,508)	(885,367)	(1,349,803)
Net Income/(Expenditure)			
Net Operating and Capital Expenditure for Projects Team	13,700,444	11,117,546	20,222,106

Financial Performance by Account ⁹⁵ 2022/2023

Miscellaneous	Budget 2021/2022	Forecast 2021/2022	Budget 2022/2023
Payroll Control Accounts			
Operating Expenditure			
93999/01 Clearing Account - Salaries Paid	0	8,900,000	10,900,000
93999/02 Clearing Account - Salaries Allocated	0	(8,900,000)	(10,900,000)
	0	0	0
Net Income/(Expenditure)	0	0	0
Plant Control Accounts			
Operating Income			
58410/00 Income Plant	180,000	194,000	194,000
	180,000	194,000	194,000
Operating Expenditure			
61410/00 Internal Revenue Plant	(2,697,961)	(2,816,540)	(3,274,547)
65410/00 Operate and Maintain Plant - Waste Management Facilities	3,062,654	3,018,308	3,274,547
	364,693	201,768	0
Net Income/(Expenditure)	(184,693)	(7,768)	194,000
Post Closure Provisions			
Operating Expenditure			
64310/15 Operate and Maintain Class III Cells - Post Closure Provisions	762,351	2,207,802	667,498
64330/15 Operate and Maintain Class IV Cells - Post Closure Provisions	31,520	54,880	70,176
	793,871	2,262,682	737,674
Net Income/(Expenditure)	(793,871)	(2,262,682)	(737,674)
Secondary Waste Income			
Other Income			
58986/00 Income Resource Recovery Project	4,121,290	4,493,804	2,435,450
	4,121,290	4,493,804	2,435,450
Net Income/(Expenditure)	4,121,290	4,493,804	2,435,450
Net Operating and Capital Expenditure for Miscellaneous	(3,142,726)	(2,223,354)	(1,891,776)

Financial Performance by Account ⁹⁶ 2022/2023

Total Organisation

Budget
2021/2022

Forecast
2021/2022

Budget
2022/2023

Net Operating and Capital Expenditure

(11,976,332) (6,708,637) (23,113,536)

CAPITAL WORKS SUMMARY

**For the Year Ending
30 June 2023**

Capital Works Summary 2022/2023

CEO's Team

Budget 2021/2022	Forecast 2021/2022	Budget 2022/2023
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CEO and Support

Capital Expenditure

24550/01	Purchase Information Technology & Communication Equipment -	30,000	0	35,000
24620/00	Purchase Art Works	10,000	10,000	10,000
Net Expenditure		40,000	10,000	45,000

Capital Works Summary 2022/2023⁹⁹

Business Support	Budget 2021/2022	Forecast 2021/2022	Budget 2022/2023
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Business Support - General

Capital Expenditure

24510/01	Purchase Furniture Fittings & Equipment - Corporate Services	10,000	10,000	10,000
Net Expenditure		10,000	10,000	10,000

Information Team

Capital Expenditure

24550/00	Purchase Information Technology & Communication Equipment	129,000	163,000	105,000
Net Expenditure		129,000	163,000	105,000

Procurement and Governance

Capital Expenditure

24440/00	Purchase Vehicles - Ascot Place	266,000	197,000	186,000
25240/01	Capital Improvement Administration Building - Ascot Place	458,000	0	458,000
25530/01	Upgrade Security Equipment - Ascot Place	5,000	5,000	5,000
Net Expenditure		729,000	202,000	649,000

Capital Works Summary 2022/2023¹⁰⁰

Operations Team	Budget 2021/2022	Forecast 2021/2022	Budget 2022/2023
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Hazelmere Operations

Capital Expenditure

24410/01	Purchase / Replace Plant - Hazelmere	650,000	678,098	2,445,000
24420/02	Purchase / Replace Minor Plant and Equipment - Hazelmere	104,000	49,000	299,000
24520/07	Purchase Fire Fighting System/Equipment - Hazelmere	5,000	5,000	10,000
24530/10	Purchase / Replace Security System - Hazelmere	10,000	19,250	0
24550/03	Purchase Information Technology & Communication Equipment -	30,000	0	30,000
24590/02	Purchase / Replace Miscellaneous Equipment - Hazelmere	0	15,000	0
24610/10	Purchase Office Furniture and Fittings - Hazelmere Office	70,000	60,000	20,000
24610/11	Purchase Furniture and Fittings - Hazelmere Workshop	60,000	10,000	55,000

Net Expenditure

929,000	836,348	2,859,000
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Red Hill Operations

Capital Expenditure

24250/01	Construct Waste Management Facility Buildings - Red Hill Landfill	100,000	31,300	68,700
24350/01	Construct Leachate and Stormwaste Infrastructure and Siltation Ponds -	200,000	54,778	70,222
24380/00	Construct Drainage Diversion and Earthworks Infrastructures - Red Hill	100,000	25,000	75,000
24399/10	Air Supply lines - Waste Management Structures - Red Hill Landfill	50,000	50,000	50,000
24399/20	Gas Extraction System Wells - Red Hill Landfill Facility	200,000	216,414	50,000
24410/00	Purchase / Replace Plant - Red Hill Landfill Facility	950,000	355,539	950,000
24420/00	Purchase / Replace Minor Plant and Equipment-Red Hill Landfill Facility	275,000	296,882	495,000
24430/00	Purchase / Replace Vehicles - Red Hill Landfill Facility	132,000	132,000	307,000
24530/08	Purchase / Replace Security System - Red Hill Waste Management	213,500	213,500	60,000
24550/05	Purchase Information Technology & Communication Equipment - Red	0	0	22,000
24590/00	Purchase / Replace Other Equipment - Red Hill Landfill Facility	40,000	40,000	120,000
25410/00	Refurbish Plant - Red Hill Landfill Facility	300,000	200,000	1,200,000

Net Expenditure

2,560,500	1,615,413	3,467,922
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Transfer Stations

Capital Expenditure

24550/04	Purchase Information Technology & Communication Equipment -	0	0	22,000
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Net Expenditure

0	0	22,000
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Capital Works Summary 2022/2023¹⁰¹

Projects Team	Budget 2021/2022	Forecast 2021/2022	Budget 2022/2023
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Hazelmere Projects

Capital Expenditure

24259/05	Construct Wood Waste to Energy Building - HRRP	273,032	132,317	459,459
24259/06	Construct Community Recycling Centre (CRC) - HRRP	130,000	94	129,906
24259/10	Construct Commercial Transfer Station - HRRP	3,500,000	4,872,754	2,668,372
24259/13	Construct Site Workshop - HRRP	0	25,743	0
24259/18	Construct Wood Waste to Energy Building (Pre-Commissioning) - HRRP	826,920	654,335	1,680,869
24259/19	Construct Wood Waste to Energy Dry Char Storage Facility - HRRP	60,000	24,475	91,000
24259/20	Construct Wood Waste to Energy Bucket Extension - HRRP	40,000	40,000	0
24259/21	Construct Wood Waste to Energy Project (EMRC WWtE Step-In) -	0	121,761	0
24259/22	Wood Waste to Energy Plant - Fire Protection - HRRP	0	0	200,000
24394/06	Resource Recovery Park - Noise Control Fencing	150,000	117,583	198,842
24395/01	Construct Hardstand and Road - Hazelmere	55,000	33,752	0
24399/01	Construct Site Infrastructure - HRRP	0	10,000	0
24399/11	Wood Waste to Energy Utilities/Infrastructure - HRRP	408,754	136,669	335,327
24399/22	Construct Concrete Pad east of C&I Building - HRRP	250,000	255,228	0
24399/23	Extension of Sewer Line from WWtE to Sewer Sump & existing ATU -	200,000	20,000	180,000
24399/24	Sewer Line from Lakes Rd to Mary St - HRRP	300,000	5,595	294,405
24399/25	Extension of Concrete Pad with Workshop area - HRRP	120,000	121,653	0
24399/26	Noise Barrier for Hammer Mill - HRRP	100,000	100	99,900
24399/27	Digital Sign (DWER Requirement) - HRRP	50,000	0	50,000
24410/03	Purchase Wood Waste to Energy Plant & Equipment - HRRP	103,987	79,967	24,020
24530/11	Commercial Transfer Station - CCTV and Network - HRRP	0	0	250,000
24530/12	Commercial Transfer Station - Thermal Cameras - HRRP	0	0	150,000

Net Expenditure

6,567,693	6,652,026	6,812,100
------------------	------------------	------------------

Projects – General

Capital Expenditure

24150/02	Purchase Waste Management Land	0	257	0
24550/02	Purchase Information Technology & Communication Equipment -	25,000	0	25,000

Net Expenditure

25,000	257	25,000
---------------	------------	---------------

Capital Works Summary 2022/2023¹⁰²

Projects Team	Budget 2021/2022	Forecast 2021/2022	Budget 2022/2023
---------------	---------------------	-----------------------	---------------------

Red Hill Projects

Capital Expenditure

24250/08	Construct Workshop No 3 - Red Hill Landfill Facility	774,811	1,003,938	617,257
24259/15	Upgrade Power Supply to Workshop No 2 - Red Hill Landfill Facility	250,000	24	249,976
24259/16	Install Power Supply to Lots 8 9 & 10 - Red Hill Landfill Facility	150,000	0	538,326
24310/19	Construct Class III Cell Stage 16 - Red Hill Landfill Facility	0	600,222	0
24310/21	Construct Class III Cell Stage 17 - Red Hill Landfill Facility	350,000	2,500	1,068,677
24330/05	Design and Construct Class IV Cell Stage 3 - Red Hill Landfill Facility	150,000	2,500	1,297,003
24370/00	Construct Roads / Carparks - Red Hill Landfill Facility	185,500	79,500	248,319
24370/02	Construct Access Road to Lots 8 9 10 - Red Hill Landfill Facility	130,000	2,000	682,751
24394/05	Construct Litter Fence - Redhill Landfill Facility	50,000	0	50,000
24395/05	Construct FOGO Processing Area - Red Hill Landfill Facility	0	184,959	90,000
24395/06	Undertake FOGO Reference Site Tours	62,500	25,000	37,500
24395/07	Implementation of the FOGO Recovery Strategy	300,000	154,662	356,144
24399/16	Liquid Waste Project - Red Hill Landfill Facility	500,000	0	1,775,931
24399/21	Air Pollution Control Residue Facility (APCR) - Red Hill Landfill Facility	2,300,000	40,000	2,850,000
24410/10	Purchase FOGO Processing Plant - Red Hill Landfill Facility	0	2,800	25,000
24410/11	Liquid Waste Project Plant - Red Hill Landfill Facility	0	0	550,000
24410/14	Regional Waste Collection Project	0	42,382	25,000
24410/15	Air Pollution Control Residue Facility (APCR) Plant & Equipment - Red	0	0	964,000

Net Expenditure

5,202,811 2,140,487 11,425,884

Waste Environmental Team

Capital Expenditure

24396/00	Construct Monitoring Bores - Red Hill Landfill Facility	70,000	29,900	150,000
24396/02	Construct Monitoring Bores - Hazelmere	70,000	0	0
24590/09	Purchase Wood Fines Sampling Equipment - Waste Environment	0	0	60,000
24590/10	Purchase of Fume Hood at HRRP - Waste Environment	0	0	30,000
24590/11	Purchase of Equipment for Testing of Basic Parameters - Waste	0	0	30,000

Net Expenditure

140,000 29,900 270,000

Capital Works Summary 2022/2023¹⁰³

Total Organisation	Budget 2021/2022	Forecast 2021/2022	Budget 2022/2023
---------------------------	-----------------------------	-------------------------------	-----------------------------

Total Capital Expenditure	16,333,004	11,659,431	25,690,906
----------------------------------	-------------------	-------------------	-------------------



11.3 INTERNAL AUDIT REPORT – 2022 PROGRAMME

D2022/07880

PURPOSE OF REPORT

The purpose of this report is to present the Audit Committee (AC) with the internal audit report of the 2021/2022 internal audit programme.

KEY POINT(S)

- At the June 2020 round of meetings, Council endorsed a new internal audit programme to be spread over a three (3) year (plus three (3) year) cycle to coincide with the new requirements of the *Local Government (Financial Management) Regulations 1996* and consisting of 22 auditable areas.
- This year (2021/2022) represents the second year of the three (3) year (plus three (3) year) programme.
- The internal audit program for this year commenced in March 2022 for the Grants Management, Accounts Receivable, Accounts Payable (Transactional) and Payroll (Transactional) audit areas.
- The IT General Controls, IT Vulnerability Assessment, Records Management and Waste Management Facility (Landfill Operations) are currently being audited and internal audit reports will be presented to a future Audit Committee and Council meeting.
- The internal audit reports for all four areas audited in 2021/2022 have achieved their overall risk rating outcomes and no findings or recommendations were highlighted.
- The internal audit report for Accounts Receivable contains a recommended business improvement for the EMRC's consideration which EMRC officers are reviewing and in the process of implementation.

RECOMMENDATION(S)

That Council notes the 2021/2022 internal audit reports forming attachments 1 to 4 to this report.

SOURCE OF REPORT

Chief Executive Officer

BACKGROUND

- 1 At the Audit Committee (AC) meeting held on 4 June 2020 (Ref D2021/05734), the Committee endorsed a three (3) year (plus three (3) year) programme, which was subsequently adopted by Council at its meeting of 18 June 2020.
- 2 The three (3) year (plus three (3) year) programme is as follows:

Auditable Area	Business Team	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
Accounts Payable (Masterfile)	Business Support	•		•		•	
Accounts Payable (Transactional)	Business Support		•		•		•



Auditable Area	Business Team	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
Accounts Receivable	Business Support		•		•		•
Contract Management	Operations	•		•		•	
Corporate Governance	Business Support	•			•		
Grants Management	Sustainability		•			•	
Human Resource Management	Office of CEO	•		•		•	
Investment Policies	Business Support			•			•
IT General Controls	Business Support	•	•	•	•	•	•
IT Vulnerability Assessment	Business Support		•		•		•
OH&S Systems Review	Office of CEO	•		•		•	
OH&S reporting and remedial actions	Office of CEO	•		•		•	
Payroll (Masterfile & Compliance)	Business Support	•		•		•	
Payroll (Transactional)	Business Support		•		•		•
Plant & Equipment	Operations			•		•	
Procurement	Business Support				•		•
Records Management	Business Support		•			•	
Taxation	Business Support			•			•
Waste Management Facility (Landfill Operations)	Operations		•		•		•
Waste Management (Wood waste, Community Recycling Centres and other processing transfer)	Operations	•		•		•	
Financial Management Systems Review (legislative requirement)	Business Support		•			•	



Auditable Area	Business Team	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
Review of Risk Management, Internal Control and Legislative Compliance (legislative requirement)	Business Support		•			•	

REPORT

3 The internal audit program for this year commenced in March 2022 for the following audit areas:

- Grants Management;
- Accounts Receivable;
- Accounts Payable (Transactional);
- Payroll (Transactional);
- IT General Controls;
- IT Vulnerability Assessment;
- Records Management; and
- Waste Management Facility (Landfill Operations).

4 The internal audit for four of the auditable areas have been finalised and are presented here for noting.

5 A summary of the findings on the internal audit are summarised as follows:

Auditable Area	Overall Risk Rating Outcomes	Summary of Findings	Recommendations	Business Improvements
Grants Management	Achieved	None	None	None
Accounts Receivable	Achieved	None	None	Audit recommends developing a documented guideline for the procedures surrounding accounts receivable (processing invoice, adjustment notes, bank reconciliations) to ensure that the standard level of work is maintained and understood if a core staff member leaves or a new staff member has joined.
Accounts Payable (Transactional)	Achieved	None	None	None
Payroll (Transactional)	Achieved	None	None	None

6 The findings on each of the auditable areas for 2021/2022 are covered in attachments 1 to 4 as part of this report.

7 The EMRC is reviewing the suggested business improvement opportunities highlighted in the final audit report relating to the accounts receivable auditable area for 2021/2022 with a view to implementing them.



- 8 The internal audit of the remaining four auditable areas - IT General Controls, IT Vulnerability Assessment, Records Management and Waste Management Facility (Landfill Operations), are currently in progress. The outcome of the internal audit of these auditable areas will be presented at a future meeting of Audit Committee and Council.

STRATEGIC/POLICY IMPLICATIONS

- 9 Key Result Area 3 – Good Governance
- 3.3 To provide responsible and accountable governance and management of the EMRC
- 3.4 To continue to improve financial and asset management practices

FINANCIAL IMPLICATIONS

- 10 The annual budget provides for the internal audit function.

SUSTAINABILITY IMPLICATIONS

- 11 The internal audit function assists in ensuring the EMRC remains financially sustainable.

RISK MANAGEMENT

Risk – The EMRC must continue to improve financial and asset management practices and to report on any audit findings regularly.

Consequence	Likelihood	Rating
Moderate	Likely	High
Action/Strategy		
➤ Council to note the internal audit reports.		

MEMBER COUNCIL IMPLICATIONS

Member Council	Implication Details
Town of Bassendean	} Nil
City of Bayswater	
City of Kalamunda	
Shire of Mundaring	
City of Swan	

ATTACHMENT(S)

1. Internal Audit Report: Grants Management (D2022/08058)
2. Internal Audit Report: Accounts Receivable (D2022/08059)
3. Internal Audit Report: Accounts Payable (Transactional) (D2022/08060)
4. Internal Audit Report: Payroll (Transactional) (D2022/08061)

**VOTING REQUIREMENT**

Simple Majority

RECOMMENDATION(S)

That Council notes the 2021/2022 internal audit reports forming attachments 1 to 4 to this report.

AC RECOMMENDATION(S)

MOVED

SECONDED



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**Eastern Metropolitan Regional Council
Grants Management
Internal Audit**

May 2022



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1. EXECUTIVE SUMMARY

Introduction

The Eastern Metropolitan Regional Council (EMRC) is a progressive and innovative regional local government working on behalf of five member Councils located in Perth's Eastern Region: Town of Bassendean, City of Bayswater, City of Kalamunda, Shire of Mundaring, and City of Swan. This Region is a major gateway to greater Perth, hosting Western Australia's major air, road, and rail transport hubs. The EMRC is an incorporated body established under the Western Australian Local Government Act 1995. The EMRC's operations are governed under an Establishment Agreement.

EMRC provides a broad range of services across the region including waste management and education, resource recovery, urban and natural environmental management, and regional development of the region. Its Council is responsible for setting the EMRC's strategic direction. EMRC management implements this direction, ensures the organisation's values are sustained and provides an environment that encourages staff to reach their full potential.

As part of the Strategic Internal Audit Plan 2020/2021 – 2025/2026 an audit of Grants Management is conducted every third year. The audit will cover the period 1 July 2021 to 31 March 2022.

Audit Objective:

The overall objective for this internal audit of Grants Management is to provide assurance with a focus on controls over grants received from external sources. We will use a combination of walk throughs, interviews, process observation, and sampling to assess controls.

The specific objectives of this audit are as follows:

Reliability and Integrity of Information

- Determine whether reports are produced to enable timely review of grant expenditure.

Compliance

- Determine whether acquittals are conducted in accordance with grant terms and conditions
- Identify whether expenditure is in accordance with the grant approval
- Determine whether grant expenditure is approved in accordance with delegate authority.

Risks Identified

- Tracking of grants received or proposed
- Acquittal of grant funding
- Audit of grant expenditure for final report.

For this review, outgoing Community Grants from EMRC have been identified as an area that is out of scope. This audit is focussed on external grants received by EMRC.

Scope of works

The audit period will be 1 July 2021 to 31 March 2022.

2. OVERALL AUDIT OUTCOMES AGAINST AUDIT SCOPE OF WORKS

Overall Risk Rating

Scope Report Reference	Audit Scope	Outcomes	Risk Rating
8.1	Determine whether reports are produced to enable timely review of grant expenditure.	Achieved	N/A
8.2	Determine whether acquittals are conducted in accordance with grant terms and conditions.	Achieved	N/A
8.3	Identify whether expenditure is in accordance with the grant approval.	Achieved	N/A
8.4	Determine whether grant expenditure is approved in accordance with delegate authority.	Achieved	N/A

3. SUMMARY OF FINDINGS

1. No findings were made.

4. RECOMMENDATIONS

1. No recommendations were made.

5. BUSINESS IMPROVEMENTS

1. No business improvements were made.

6. OVERALL COMMENTS

Eastern Metropolitan Regional Council - Management Comments

No comments were needed.

Stantons - Audit Management Comments

It was pleasing that there were no findings. We would like to thank the Financial Services Team for all their assistance with the audit.

7. RISK RATING AND DEFINITIONS

Risk Ratings and Interpretations

Risks Ratings	Rating Interpretation	Suggested timing of implementing recommendations
Critical	The finding poses a severe risk to EMRC if not appropriately and timely addressed.	Commence remedial action immediately
Major	The finding poses significant risk to EMRC if not appropriately and timely addressed.	Commence remedial action within 3 months
Moderate	The finding poses less significant risk to EMRC if not appropriately and timely addressed.	Commence remedial action within 6 months
Minor	The finding poses minimal risk to EMRC if not appropriately and timely addressed, and the risk may develop more or cause other risks to develop.	Commence remedial action within 12 months

DISCLAIMER, BASIS OF AUDIT AND LIMITATIONS

DISCLAIMER

This report is prepared for EMRC's internal use and may be shared with its auditors and professional advisors for internal use. Copying and distribution of this report to other parties should not be done without prior approval and consent from Stantons.

BASIS OF AUDIT

We have conducted our audit in accordance with the applicable Performance Standards of the International Standards for the Professional Practice of Internal Auditing. The content of this report therefore represents the independent view by Stantons purely based on the information provided by EMRC members of staff during audit fieldwork. Changes to the contents of the report without Stanton's involvement will render all contents less "independent" and unrepresentative of Stanton's position with regards to the contents contained therein.

INHERENT LIMITATIONS

Because of the inherent limitations of any internal control structure, it is possible that fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An Audit is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed are on a sample basis.

Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

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Report Release

Released by (Name): James Cottrill

Signature:



Title: Principal, Internal Audit, IT Audit & Risk Consulting

Date: 09 May 2022

8. DETAILED AUDIT ASSESSMENT

8.1 DETERMINE WHETHER REPORTS ARE PRODUCED TO ENABLE TIMELY REVIEW OF GRANT EXPENDITURE.

Overall Outcome	Based on audit sampling, we have verified that grant reports are produced to enable timely review of grant expenditure.
------------------------	---

Audit obtained the EMRC's Register of Grants for 2021-22. We note that for the current period, only one grant has been successful and is currently in progress. Four other grants have outcomes pending while one other grant was unsuccessful. To ascertain whether reports are produced in a timely manner, Audit reviewed EMRC's policies and procedures for Grants Management as well as conducting testing on a sample of grants from the previous year.

Audit received the following documentation that are used by EMRC to manage grants:

- Grant Process Checklist
- Grant Suitability Assessment Matrix
- Grant Suitability Assessment (Business Management System) Flowchart.

Upon review of the Grant Process Checklist, we note that the document provides a checklist for the pre-application stage, application stage, grant management stage, grant acquittal stage, and close off.

Per discussion with the Chief Sustainability Officer, we note that the grant suitability assessment matrix is used to assess as to whether the grant is suitable for EMRC. We also note that due to EMRC's commitment to the reduction in the use of paper, the checklists and matrix are no longer filled in but instead referred to as part of the process. We were also informed that the sustainability team have been discussing ways to be more sustainable using Microsoft Teams to collaborate and access common documentation simultaneously. Thus, saving time and resources, this includes manually filling in the Grant Suitability Assessment Matrix and the Grants Process Checklist.

Audit also obtained the following Business Management Systems (BMS - flowcharts):

- Business Management System – Grant Management
- Business Management System – Grant Acquittals
- Business Management System – Grant Application.

We note that these BMS details the process of applying for grants, obtaining approvals, managing grants, reporting to management, as well as conducting grant acquittals. However, we note that each these BMS was adopted in 2009 and has not been reviewed since date of adoption. Per discussion with the Chief Sustainability Officer, it was noted that these documents are considered current despite having been adopted in 2009, and they can be annotated to indicate currency.

To verify that grant reports are produced and reviewed in a timely manner, Audit tested for two samples of previously completed grants. The following grants were selected:

- Circular Economy in the Community 2021
- Avon Descent Family Fun Days 2021.

Audit obtained and reviewed the Project Evaluation Report/Financial Report for Circular Economy in the Community 2021 and noted that it was delivered by 10 December 2021 as per the grant agreement.

For the Avon Descent Family Fun Days 2021, Audit did not observe a required submission date. However, we note that the Grant acquittal declaration was reviewed by the Chief Executive Officer and submitted on 2 December 2021. As evidence that this was submitted in a timely manner, Audit obtained the “Letter – Acknowledgement of Receipt of Completed Acquittal – Lotterywest Grant Application 420173805” dated 17 December 2021. The letter was sent by Lotterywest’s General Manager of Grants and Community Development accepting that the acquittal was completed.

No issues were noted.

8.2 DETERMINE WHETHER ACQUITTALS ARE CONDUCTED IN ACCORDANCE WITH GRANT TERMS AND CONDITIONS.

Overall Outcomes	Audit reviewed the documentation for selected grant samples and found that acquittals are conducted in accordance with grant terms and conditions.
------------------	--

As per the Grants Acquittal BMS, acquittals are done by Project Officer in consultation with respective Manager before passing through to Finance and is completed to ensure relevance and accuracy. Details submitted include:

- Invoices
- Receipts
- Signed contracts
- All other relevant acquittal document required for review and audit (if required).

We note that certain grants require external audits as part of the terms and conditions. As per the BMS, the Project Officer will submit acquittal details to Finance for administration which will then be forwarded to the Auditor.

As noted in section 8.1 above, Audit reviewed the completed grants for Avon Descent Family Fun Days 2021 and Circular Economy in the Community 2021. For the Avon Descent event, we note the following documentation has been recorded:

- All Councils Avon Descent Invoices and Purchase Orders
- All Councils actuals spend 2021
- CEO acquittal statement letter signed
- Grant acquittal declaration (submitted via the Lotterywest website)
- Income and Expenditure Statement Avon Descent 2021.

For the Circular Economy in the Community 2021 event, Audit obtained the EMRC signed Funding Agreement as well as screenshots of the EMRC's expenditure invoices and evidence of signatures for the Project Evaluation Report and Financial Report.

Based on our review of the above stated documentation, EMRC has demonstrated that the grants are conducted in accordance with grant terms and conditions.

No issues were noted.

8.3 IDENTIFY WHETHER EXPENDITURE IS IN ACCORDANCE WITH THE GRANT APPROVAL

Overall Outcome	Audit assessed the sampled grants and confirmed that expenditure is in accordance with the grant approval.
------------------------	--

As part of audit testing, Audit reviewed the grant acquittals for the sampled grants, Avon Descent Family Fun Days 2021, and Circular Economy in the Community 2021. To ascertain whether expenditure is in accordance with the grant approval, Audit reviewed each of the expenditures, sighted the invoice and verified that:

- Amount listed on the invoice matches the details as per the acquittal
- Expenditure is relevant to the grant project.

Audit noted for the Avon Descent 2021 event, all expenditures incurred by EMRC are related to the marketing promotion of the event and are in accordance with the Conditions of the Grant.

For Circular Economy in the Community 2021, Audit noted that the expenditure incurred by EMRC (excluding in kind) include:

- Consultants and subcontractors (guest speakers, facilitators, and photographers)
- Equipment and venue hire (including catering and vehicle expenses)
- Printing, advertising, and distribution.

Based on our review of the two sampled grants, Audit has verified that all expenditures incurred by EMRC are relevant to the proposed project and are in accordance with the grant approval.

No issues were noted.

8.4 DETERMINE WHETHER GRANT EXPENDITURE IS APPROVED IN ACCORDANCE WITH DELEGATE AUTHORITY.

Overall Outcome	Audit reviewed the sampled grant project reports and verified that grant expenditures are approved in accordance with delegate authority.
------------------------	---

Audit conducted testing for the Avon Descent Family Fun Days 2021 and Circular Economy in the Community 2021 grants to determine whether grant expenditure is approved in accordance with delegated authority. The following tests were conducted:

- Grant contract/agreement is signed and authorised by the CEO
- Any milestone reports are signed by appropriate Manager or CEO
- Grant Acquittals are signed off by appropriate Manager or CEO
- Grant Acquittal report is signed and authorised by the CEO
- All invoices relevant to the grant projects are checked and received by the appropriate Officer/Manager within their delegated authority.

The table below displays the results for the two sampled grant projects:

Testing	Avon Descent 2021	Circular Economy 2021
Grant contract/agreement is signed and authorised by the CEO	✓	✓
Any milestone reports are signed by appropriate Manager or CEO	N/A	✓
Grant Acquittals are signed off by appropriate Manager or CEO	✓	✓
Grant Acquittal report is signed and authorised by the CEO	✓	✓
All invoices relevant to the grant projects are checked and received by the appropriate Office/Manager within their delegated authority	✓	✓

Based on the testing conducted above, Audit notes that both sampled grants were signed off by the CEO. As result, audit has determined that grant expenditure is appropriately approved in accordance with the delegated authority.

No issues were noted.



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**Eastern Metropolitan Regional Council
Accounts Receivable
Internal Audit**

May 2022



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1. EXECUTIVE SUMMARY

Introduction

The Eastern Metropolitan Regional Council (EMRC) is a progressive and innovative regional local government working on behalf of five member Councils located in Perth's Eastern Region: Town of Bassendean, City of Bayswater, City of Kalamunda, Shire of Mundaring, and City of Swan. This Region is a major gateway to greater Perth, hosting Western Australia's major air, road, and rail transport hubs. The EMRC is an incorporated body established under the Western Australian Local Government Act 1995. The EMRC's operations are governed under an Establishment Agreement.

EMRC provides a broad range of services across the region including waste management and education, resource recovery, urban and natural environmental management, and regional development of the region. Its Council is responsible for setting the EMRC's strategic direction. EMRC management implements this direction, ensures the organisation's values are sustained and provides an environment that encourages staff to reach their full potential.

As part of the Strategic Internal Audit Plan 2020/2021 – 2025/2026 an audit of Accounts Receivable is conducted every second year. The audit will cover the period 1 July 2021 to 31 March 2022.

Audit Objective:

This is classified as an assurance audit with a focus on controls. We will use a combination of walk throughs, interviews, process observation, and sampling to assess controls.

The specific objectives of this audit are as follows:

Reliability and Integrity of Information

- Determine whether accounts receivable is calculated accurately, completely and in a timely manner.

Compliance

- Determine whether policies and procedures are documented, understood by staff, and followed.

Safeguarding of Assets

- Identify whether the Council has procedures in place to assess customer's ability to service debt before granting credit.
- Review procedure for debt collection for efficiency and effectiveness.

Risks Identified

- Credit checks – ongoing and review
- Payment procedures
- Debt incurred
- Timeliness
- Accuracy
- Authorisation
- Approval of bad debts and write-offs
- Lack of outstanding debtors follow up.

Scope of works

The audit period will be 1 July 2021 to 31 March 2022.

2. OVERALL AUDIT OUTCOMES AGAINST AUDIT SCOPE OF WORKS

Overall Risk Rating

Scope Report Reference	Audit Scope	Outcomes	Risk Rating
8.1	Determine whether accounts receivable is calculated accurately, completely and in a timely manner	Achieved	N/A
8.2	Determine whether policies and procedures are documented, understood by staff, and followed	Achieved	N/A
8.3	Identify whether the Council has procedures in place to assess customer's ability to service debt before granting credit	Achieved	N/A
8.4	Review procedure for debt collection for efficiency and effectiveness	Achieved	N/A

3. SUMMARY OF FINDINGS

1. No findings were made.

4. RECOMMENDATIONS

1. No recommendations were made.

5. BUSINESS IMPROVEMENTS

1. Audit recommends developing documented guideline for the procedures surrounding accounts receivable (processing invoice, adjustment notes, bank reconciliations) to ensure that the standard level of work is maintained and understood if a core staff member leaves, or a new staff member has joined.

6. OVERALL COMMENTS

Eastern Metropolitan Regional Council - Management Comments

No comments were needed.

Stantons - Audit Management Comments

It was pleasing that there were no findings. EMRC should consider the business improvement suggested. We would like to thank the Financial Services Team for all their assistance with the audit.

7. RISK RATING AND DEFINITIONS

Risk Ratings and Interpretations

Risks Ratings	Rating Interpretation	Suggested timing of implementing recommendations
Critical	The finding poses a severe risk to EMRC if not appropriately and timely addressed.	Commence remedial action immediately
Major	The finding poses significant risk to EMRC if not appropriately and timely addressed.	Commence remedial action within 3 months
Moderate	The finding poses less significant risk to EMRC if not appropriately and timely addressed.	Commence remedial action within 6 months
Minor	The finding poses minimal risk to EMRC if not appropriately and timely addressed, and the risk may develop more or cause other risks to develop.	Commence remedial action within 12 months

DISCLAIMER, BASIS OF AUDIT AND LIMITATIONS

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BASIS OF AUDIT

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INHERENT LIMITATIONS

Because of the inherent limitations of any internal control structure, it is possible that fraud, error, or non-compliance with laws and regulations may occur and not be detected.

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Report Release

Released by (Name): James Cottrill

Signature:



Title: Principal, Internal Audit, IT Audit & Risk Consulting

Date: 09 May 2022

8. DETAILED AUDIT ASSESSMENT

8.1 DETERMINE WHETHER ACCOUNTS RECEIVABLE IS CALCULATED ACCURATELY, COMPLETELY AND IN A TIMELY MANNER.

Overall Outcome	We have assessed that accounts receivable has been verified to be calculated accurately, completely and in a timely manner.
------------------------	---

As part of our audit testing, we obtained the invoice listings from July 2021 – February 2022 and used stratified random sampling to select 26 invoices. The samples were carefully selected to ensure our testing encompassed revenue sources from the different disposal sites and transfer stations, ranging from high to low dollar value invoices. The following samples were selected:

- Member Council: 5 samples – 2 tickets each
- Contribution from Member Council: 1 sample
- Transfer Station: 1 sample – 1 ticket
- Hazelmere Resource Recovery Park: 1 sample woodchip purchase
- Tip Pass: 1 ticket selected to assess invoiced to Member Council
- Commercial Customers: 6 samples – 2 tickets each.

From the samples above, Audit obtained and reviewed the invoices to test for the following criteria:

1. Request for invoice has been approved by the relevant Manager
2. Invoice has been approved for posting to the system
3. Amounts raised are calculated according to the pricing schedule or contracts rates
4. Invoices are raised in a timely manner
5. Invoice has been stamped “POSTED” to show it has been entered into the ledger.

Based on our testing results, we note that all sample invoices satisfy testing criteria three and four. All invoices were accurately calculated as per the schedule of fees and charges or contracted rates. We also note that most invoices are raised in a timely manner as per the weekly invoice cycle or per the monthly agreement.

As for testing criteria one, two and five, we note that invoices from Red Hill, Hazelmere and transfer stations are generated from SynergySoft. A CSV file will be extracted from the various software applications (“Mandalay” for Red Hill and Hazelmere and “Arch” for Baywaste) which is then imported to SynergySoft for invoice creation. The Finance/Administration Officers from each facility are responsible for extracting the CSV files hence, invoice processing is not done manually, and invoices are not required to be stamped. However, in some instances such as a contribution from a Member Council, invoices are approved and stamped “Entered” once processed into the system. We note that the explanation is reasonable and accept that the invoices are approved by the relevant Managers without the requirement of physical stamping due to the automation of invoices via SynergySoft.

No issues were noted.

8.2 DETERMINE WHETHER POLICIES AND PROCEDURES ARE DOCUMENTED, UNDERSTOOD BY STAFF, AND FOLLOWED.

Overall Outcomes	Policies and procedures surrounding accounts receivable are not fully documented, however, they are understood by staff and appropriately followed.
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Audit discussed with the Accounts/Payroll Officer and conducted a walkthrough to gain an understanding of the entire accounts receivable process from initiation of invoices to follow-up and debt collection. We note that a documented guideline is in place for credit control and debt management, however, procedures surrounding invoice creation, adjustment notes and bank reconciliation are not formally documented.

Audit notes that invoices from Red Hill Waste Management Facility are raised by the Red Hill administration staff, notably either the Administration Officer or the Administration Manager. Invoices from Hazelmere Resource Recovery Park are raised by their staff, and invoices from Baywaste Transfer Station are extracted by them and then sent to the staff at the Resource Recovery Park to be processed. In some instances, some invoices are processed manually at Head Office, such as invoices for contributions from Member Councils. The invoices for consulting services/grants are raised by the Accounts Officer and Finance Team Leader. The invoices are then emailed out or posted to the customers. For commercial clients electing the direct debit options, the debtors' payments are performed on a weekly basis by finance staff in Head Office. The report is then uploaded to the bank portal by an authorised bank signatory.

As part of the walkthrough for the invoicing process, Audit obtained screenshots as evidence to verify that the appropriate steps were taken in the invoice creation process. Audit were able to document and sight a sample walkthrough for an invoice generated in the Red Hill facility for weekly billing to a Member Council:

1. On invoice day, the CSV file will be extracted from the Mandalay Software for the billing period
2. Two sets of CSV files are generated from the Mandalay, a CSV file for invoices and one for invoices paid by direct debit
3. Once extracted from Mandalay, it is then imported to SynergySoft through the "Import Invoices" function. Once the imported files are validated, the batch number will be generated
4. In the Debtors Transaction module, the batch is updated, and the administration staff will ensure that the value of the batch document agrees to the total in the CSV file. Once satisfied and updated accordingly, the amount will be recorded in the Debtor Card
5. Once the invoices are created, they are sent to the respective customers by post or email.

For customers electing for a direct debit option, a Direct Debit Detail Report is run on a weekly basis by the finance team in the head office. Only three nominated Finance staff have the authority to perform and run the report. The report is then reconciled with the debtor batch transaction listing for direct debits. Once it is satisfied that all invoices have been properly captured, the Finance staff will execute the "Live Run" to create the direct debit report. This report is then uploaded to the bank by the Finance Team Leader.

Regarding adjustment notes, we note that adjustments are mainly processed if EMRC have charged an incorrect debtor e.g., if a carting company was charged instead of a company whose waste was being disposed. The carting company will advise EMRC that the invoice should have been charged to the service company. After receiving written confirmation or if

the vehicle registration can be established, EMRC will then proceed to change the docket to the name of the correct company after seeking authorisation from the responsible site Manager. EMRC will then charge the correct company and credit the carting company. Audit notes that four nominated staff have access to process credit notes in the system. All adjustment notes are required to be authorised by the respective Site Managers and sighted by the Finance Team Leader.

For bank reconciliations, Audit discussed and confirmed with the Administration Officer, the following controls are in place to ensure that reconciliations are performed in respect to matching debtors to the general ledger:

1. Accounts/Payroll Officer prepares the bank reconciliation by matching the balance as per the bank statements to the value as per the general ledger
2. Finance Team Leader will then review the documents once prepared
3. Manager, Financial Services will then sign and authorise.

To verify that the above stated controls are still in place, Audit tested two samples of bank reconciliations for the month of October 2021 and January 2022. The following tests were conducted:

1. Bank reconciliation matches the bank statement for the month and all discrepancies are followed up
2. Bank reconciliation balance matches with the general ledger
3. Bank reconciliations are signed off by the reviewer and authorising officer who are separate to the preparer.

Based the results of our testing, Audit concludes that policies and procedures are being followed.

No issues were noted.

Recommended Business Improvement	Audit recommends developing documented guideline for the procedures surrounding accounts receivable (processing invoice, adjustment notes, bank reconciliations) to ensure that the standard level of work is maintained and understood if a staff member leaves, or new staff have joined.
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8.3 IDENTIFY WHETHER THE COUNCIL HAS PROCEDURES IN PLACE TO ASSESS CUSTOMER'S ABILITY TO SERVICE DEBT BEFORE GRANTING CREDIT.

Overall Outcome	Audit noted that a Management Guideline for credit checks and debt management is in place and is complied with by EMRC to ensure customers can service debts.
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Audit noted that a Management Guideline for Credit Control and Debt Management has been created and is in place. To assess for compliance with the documented procedure, Audit conducted a walkthrough with the Accounts Officer responsible for performing credit checks.

Prior to creating a credit account, the customer is required to complete and return the application for credit account to the EMRC location for which the application for credit is applicable. The customer will normally apply through Red Hill Waste Management Facility or Hazelmere Resource Recovery Park. Based on the EMRC location for which the application is received, the trade reference checks are performed. The administration staff will then contact the trade referrals provided by the customer on the application form to ensure the creditworthiness of the potential customer.

Once the application form is received, and the trade references have been checked, the administration staff will then send an email to Head Office, Ascot for credit check assessment and approval. At the head office, the Accounts Officer will then conduct a credit check via Illion Australia. The credit application forms, trade reference checks and the results from the credit check performed are then forwarded to the Manager, Financial Services for review and approval. Credit limits over \$10,000 are required to be approved by the Chief Financial Officer and credit limits over \$50,000 are required to be approved by the Chief Executive Officer.

Once approved, the Accounts Officer will then create the debtors account in SynergySoft. The administration staff from the EMRC location for which the application is received will then inform the customer in writing the outcome of their application for credit.

To further verify that the procedures are appropriately in place, Audit obtained and reviewed a sample of a recently completed Application for Credit dated 17 January 2022 for a client at the Baywaste Transfer Station. We note that all trade references and online credit checks were appropriately conducted, and the Application for Credit form was signed and authorised by the Manager, Financial Services within their delegated credit authorisation limit.

No issues were noted.

8.4 REVIEW PROCEDURES FOR DEBT COLLECTION FOR EFFICIENCY AND EFFECTIVENESS.

Overall Outcome	Based on our walkthroughs and sampling, Audit notes that EMRC's debt collection procedures are operating efficiently and effectively.
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Audit discussed with the Accounts Officer regarding the follow-up procedures for debtors. The follow up of debtors are performed weekly mainly by the Accounts Officer or the Finance Team Leader for aged debtors more than 30 days.

Debtors' follow-ups are performed every week by the Accounts Officer and all debts over 30 days will be enquired and followed up for payment either by email and/or phone calls. A weekly debtor's report noting the actions taken for each outstanding debtor over 30 days is reviewed by the Finance Team Leader and reviewed and signed off by the Manager, Financial Services on a weekly basis.

If the invoice is still outstanding following the first follow-up, the customer will be informed of the consequences for non-payment, such as account suspension, account closure and/or referral to debt collection if payment is not received. As discussed with the Accounts Officer, in some circumstances, the debtor can negotiate a specific payment date, but this is subject to the Manager's approval and the debtor's previous payment history.

If the debt is outstanding, and no payment is received during the agreed timeframe, a letter of demand will be sent out. If no payment is still received, a debt collection agency will be used by EMRC to collect the outstanding payment on their behalf. The Accounts Officer will log into Illion to record the default. Further, there will be contact with the debt collection agency, and EMRC will provide invoice details, contact and actions that were taken by them in chasing the debtor. From this point forward, the debt collection agency will contact the non-paying debtor on behalf of EMRC. The debtor's account will be suspended until all outstanding debts are cleared and will not be able to use the EMRC facilities during that time unless paying by cash or debit/credit card.

At the end of the financial year, EMRC considers the debt to be doubtful should the account remain unpaid. A provision to impair the debtors will be made at the year end. Subsequently, if the debtor has been declared bankrupt and the confirmation received from the administrators that no funds will be received, a report will be submitted to the Council seeking authorisation to write off the outstanding debt.

As part of the walkthrough, Audit obtained screenshots as evidence to verify that the appropriate steps were taken to follow up on a sample debtor. Audit were able to sight and record the following procedures for the sample:

1. First follow up email sent by the Accounts Officer requesting confirmation of payment for invoice EMRC42707
2. Email response from customer advising invoices will be paid
3. Extract from SynergySoft of total amount received for payment, noting that invoice EMRC42707 has been partially paid
4. Second follow up email requesting payment for outstanding amount performed by the Accounts Officer
5. Extract from SynergySoft for total amount received for payment, now fully paid
6. Weekly debtors report showing actions taken for outstanding debtors reviewed and signed off by Manager, Financial Services.

For the write-off of bad debts, Audit notes per the Management Guideline – Credit Control and Debt Management that any unsuccessful recovery of bad debt by the collection agency or

upon receipt of notification from a liquidator/administrator advising that no funds will be received from a client with an outstanding debt with the EMRC, a report is to be submitted annually to the June meeting of Council seeking authorisation for the write-off of outstanding debt. Audit reviewed the Debtors Aged Trial Balance as at 28.02.2022 and noted that there were no aged debtors that have exceeded the date which should have been written off. We also obtained the write-off register and noted that the last bad debt written off occurred in 2019 for a value of \$189.00. Per the register, we noted that constant effort was made in following up the debt without success and the business later went into liquidation. For the financial period 2020-21, Audit confirmed with the Accounts Officer that there were no bad debts written off.

No issues were noted.



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**Eastern Metropolitan Regional Council
Accounts Payable (Transactional)
Internal Audit**

May 2022



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1. EXECUTIVE SUMMARY

Introduction

The Eastern Metropolitan Regional Council (EMRC) is a progressive and innovative regional local government working on behalf of five member Councils located in Perth's Eastern Region: Town of Bassendean, City of Bayswater, City of Kalamunda, Shire of Mundaring, and City of Swan. This Region is a major gateway to greater Perth, hosting Western Australia's major air, road, and rail transport hubs. The EMRC is an incorporated body established under the Western Australian Local Government Act 1995. The EMRC's operations are governed under an Establishment Agreement.

EMRC provides a broad range of services across the region including waste management and education, resource recovery, urban and natural environmental management, and regional development of the region. Its Council is responsible for setting the EMRC's strategic direction. EMRC management implements this direction, ensures the organisation's values are sustained and provides an environment that encourages staff to reach their full potential.

As part of the Strategic Internal Audit Plan 2020/2021 – 2025/2026 an audit of Accounts Receivable is conducted every second year. The audit will cover the period 1 July 2021 to 31 March 2022.

Audit Objective:

This is classified as an assurance audit with a focus on controls. We will use a combination of walk throughs, interviews, process observation, and sampling to assess controls.

The specific objectives of this audit are as follows:

Reliability and Integrity of Information

- Determine whether payments are accurate, complete, made in a timely manner and have adequate substantiation
- Determine whether adequate controls exist to provide reasonable assurance that payments are only made to approved creditors
- Determine whether controls over record keeping provide reasonable assurance that accounts are posted to the correct general ledger account in a timely manner.

Compliance

- Identify whether payments are made in accordance with approved policy.

Safeguarding of Assets

- Determine whether there are adequate procedures in place to mitigate the risk of fraudulent payments.

Risks Identified

- Authorisation (including receipt of goods/services)
- Accuracy (including coding)
- Timeliness.

Scope of works

The audit period will be 1 July 2021 to 31 March 2022.

2. OVERALL AUDIT OUTCOMES AGAINST AUDIT SCOPE OF WORKS

Overall Risk Rating

Scope Report Reference	Audit Scope	Outcomes	Risk Rating
8.1	Determine whether payments are accurate, complete, made in a timely manner and have adequate substantiation	Achieved	N/A
8.2	Determine whether adequate controls exist to provide reasonable assurance that payments are only made to approved creditors	Achieved	N/A
8.3	Determine whether controls over record keeping provide reasonable assurance that accounts are posted to the correct general ledger account in a timely manner	Achieved	N/A
8.4	Identify whether payments are made in accordance with approved policy	Achieved	N/A
8.5	Determine whether there are adequate procedures in place to mitigate the risk of fraudulent payments	Achieved	N/A

3. SUMMARY OF FINDINGS

1. No findings were made.

4. RECOMMENDATIONS

1. No recommendations were made.

5. BUSINESS IMPROVEMENTS

1. No business improvements were made.

6. OVERALL COMMENTS

Eastern Metropolitan Regional Council - Management Comments

No comments were needed.

Stantons - Audit Management Comments

It was pleasing that there were no findings. We would like to thank the Financial Services Team for all their assistance with the audit.

7. RISK RATING AND DEFINITIONS

Risk Ratings and Interpretations

Risks Ratings	Rating Interpretation	Suggested timing of implementing recommendations
Critical	The finding poses a severe risk to EMRC if not appropriately and timely addressed.	Commence remedial action immediately
Major	The finding poses significant risk to EMRC if not appropriately and timely addressed.	Commence remedial action within 3 months
Moderate	The finding poses less significant risk to EMRC if not appropriately and timely addressed.	Commence remedial action within 6 months
Minor	The finding poses minimal risk to EMRC if not appropriately and timely addressed, and the risk may develop more or cause other risks to develop.	Commence remedial action within 12 months

DISCLAIMER, BASIS OF AUDIT AND LIMITATIONS

DISCLAIMER

This report is prepared for EMRC's internal use and may be shared with its auditors and professional advisors for internal use. Copying and distribution of this report to other parties should not be done without prior approval and consent from Stantons.

BASIS OF AUDIT

We have conducted our audit in accordance with the applicable Performance Standards of the International Standards for the Professional Practice of Internal Auditing. The content of this report therefore represents the independent view by Stantons purely based on the information provided by EMRC members of staff during audit fieldwork. Changes to the contents of the report without Stanton's involvement will render all contents less "independent" and unrepresentative of Stanton's position with regards to the contents contained therein.

INHERENT LIMITATIONS

Because of the inherent limitations of any internal control structure, it is possible that fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An Audit is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed are on a sample basis.

Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Liability limited by a scheme approved under Professional Standards Legislation.

Report Release

Released by (Name): James Cottrill

Signature: 

Title: Principal, Internal Audit, IT Audit & Risk Consulting

Date: 09 May 2022

8. DETAILED AUDIT ASSESSMENT

8.1 DETERMINE WHETHER PAYMENTS ARE ACCURATE, COMPLETE, MADE IN A TIMELY MANNER, AND HAVE ADEQUATE SUBSTANTIATION.

Overall Outcome	Audit reviewed the process of payments and noted that adequate controls exist to ensure payments are made in timely manner and have adequate substantiation.
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As part of our audit testing, we conducted a test of 42 sample invoices selected using the Invoice Listing dated July 2021 to February 2022. The samples were selected using stratified random sampling techniques with a concentration on high value invoices. Tests were conducted to assess whether internal controls are appropriately adhered to, and payments to suppliers are accurate, complete, made in a timely manner and have adequate substantiation. The following tests were performed:

1. Invoice/documentation is addressed to EMRC and approved by the authorising officer
2. Remittance Advice agrees to the supporting documentation
3. Check the invoice/document was paid in a timely manner (within 30 days)
4. GST has been appropriately accounted for
5. Purchase order has been raised, and details agree to invoice
6. Invoice has been coded and signed by authorising officer
7. Ensure supporting documentation has been stamped 'POSTED', dated, and signed
8. Ensure expenditure relates to EMRC or expenditure occurred within EMRC's policies
9. Remittance Advice has been signed for payment.

Audit noted that the purchases are made by the appropriate employee within their approved delegation, which aligns with EMRC's management guideline for authorising expenditure. Expenditure is related to the business activities of EMRC, and the invoice was approved by the person receiving the goods prior to payment.

Based on the results of our testing, we note that all invoices satisfied the testing requirements or had sufficient evidence to demonstrate that any outstanding requirements of the tests were resolved or not applicable to the selected invoice.

For audit test three above, we initially noted that five invoices were not paid in a timely manner. We found that these invoices were due to EMRC disputing the invoices with the issuer or when a third party was responsible for paying the invoice. Once the invoice disputes were rectified, Audit confirmed that EMRC had appropriately processed and paid the invoices. Audit confirmed that sufficient evidence is in place to support the dispute process.

For audit test five above, we noted that four invoices did not have a purchase order. Per discussions with the Finance team, we found that this was due to the expense being a utility standing order and a purchase order is not required.

Audit also notes that two invoices in the samples selected were part of a procurement which required a tender. Audit sighted and verified that tenders for both invoices were conducted, and no issues were noted. A list of payments made by EMRC can be located on the Council website on the minutes of the meetings as per the relative month. Council is required to approved payments made.

Overall, no issues were noted.

8.2 DETERMINE WHETHER ADEQUATE CONTROLS EXIST TO PROVIDE REASONABLE ASSURANCE THAT PAYMENTS ARE ONLY MADE TO APPROVED CREDITORS.

Overall Outcomes	Audit reviewed the process of payments and noted that adequate controls exist to ensure that payments are made only to approved creditors.
-------------------------	--

As part of assessing EMRC's accounts payable process, Audit held a discussion with the Finance Team Leader to walk through the process. Audit noted that prior to new suppliers being entered into SynergySoft under the creditor's module, a background check is required to be conducted. For example, in relation to a commercial client, an ASIC company extract should be obtained where possible, to view the shareholder and director details. This helps to identify any conflicts of interest as well as potential for fraud if the company is not set-up for a genuine purpose. If the background check reveals any issues, authorisation must be obtained from the Chief Financial Officer prior to adding it to the SynergySoft creditors system. The documentation for this process is retained for recordkeeping purposes.

Audit notes that all new suppliers are required to complete a supplier detail form. A designated member of the Finance team will then conduct an ABN validation check as well as identify if there are any potential conflicts of interest. The supplier detail form will then be sent to the Finance Team Leader for validation and approval. Once approved the supplier will be added on the system as a creditor. Once invoices are received, they are checked to ascertain that they belong to an approved creditor.

Prior to the supplier being paid, the Finance team will check the annotations on the purchase order. The authorising officer will mark the purchase accordingly (either partial or fully marked regarding goods received), only then can the invoice be paid accordingly. If the purchased order is not marked, the Finance team will follow up with the authorising officer to inquire if the invoice can be paid. If the invoice value received is 5% greater than the purchase order, the Finance team will request a brief explanation from the authorising officer and determine if it can be approved.

Based on the testing conducted as detailed in Section 8.1 above, there is sufficient evidence to demonstrate that controls are in place to provide reasonable assurance that payments are made only to approved creditors.

No issues were noted.

8.3 DETERMINE WHETHER CONTROLS OVER RECORD KEEPING PROVIDE REASONABLE ASSURANCE THAT ACCOUNTS ARE POSTED TO THE CORRECT GENERAL LEDGER ACCOUNT IN A TIMELY MANNER.

Overall Outcome	Audit reviewed the controls over record keeping and determined there is reasonable assurance that the accounts are posted to the correct general ledger account within a timely manner.
------------------------	---

As part of assessing recordkeeping, Audit discussed with the Finance Team Leader, regarding controls over the recordkeeping of accounts.

Audit noted that the accounts payable files are kept in a locked cabinet sorted by EFT number which will be kept for one year and then moved to the records library for seven years thereafter, as required by the relevant Local Government Disposal Authority. We also note that invoices once received, are entered into the system immediately or within a few days. Delays to processing the invoices and payment can be impacted by signoffs required from the relevant manager and often from the groundsmen/mechanics. It is also worth noting that due to the COVID-19 pandemic, EMRC have been impacted in recent months with staff levels due to isolation requirements. It was raised that there are delays in Hazelmere where invoices are not being processed in time as staff have had to prioritise other workloads.

For digital invoices, we note that they are not physically stamped as processed. If bank details for suppliers have changed as per the invoice, the Finance team will perform appropriate validation checks. They are also responsible for both setting up new suppliers. All payments require at least two signatories with at least one of the signatories being the Finance Team Leader or the Manager, Financial Services. Audit performed a walkthrough of the authorisation process and reviewed the audit trails which were generated. We note that the authorisation process aligns with the EMRC policy which specifies that two signatories are required for payment authorisation and adequate supporting documentation exists for all payments as representation of an audit trail.

Per discussion with the Finance Team Leader, we also confirmed that changes to an existing supplier, either via post, or email, will require additional validation. The Finance team will validate by calling the supplier per their official company number that has been recorded on the system or as detailed on the internet. The Finance team will seek the authorised person from the supplier to verify changes and request confirmation in writing (if not already received). The Finance team will then complete a form based on the correspondence of the required changes. The form is then sent to Finance Team Leader who will then call the supplier again and speak to a different representative to confirm all changes including any bank account changes. The details are only changed on the system after the Finance Team Leader has checked the details with the supplier for the final time. Any changes in the system such as changes to bank details will automatically send an email to the Finance Team Leader who will then forward the email to the Manager, Financial Services to finalise the confirmation of changes. An email will then be sent out to the supplier after approval to inform them of the changes. Audit trails are created for any changes made on the system and they are attached to the corresponding supplier or payment documentation.

Audit also notes that EMRC are currently in the process of going paperless. However, we noted from the Finance Team Leader that SynergySoft does not currently support this, and it will take a substantial amount of time before being fully paperless can be implemented.

No issues were noted.

8.4 DETERMINE WHETHER PAYMENTS ARE MADE IN ACCORDANCE WITH APPROVED POLICY

Overall Outcome	Audit reviewed the process of payments made by EMRC's Finance Team and noted that adequate controls exist to ensure that payments are made only in accordance with approved policy.
------------------------	---

Based on our audit testing as mentioned in section 8.1, Audit has sufficient evidence to conclude that the payments are made in accordance with EMRC's approved policy. As per Management Guideline – Authorisation of Expenditure, Audit notes that all payments were authorised by the appropriate Officer/Director and are within their authority limits.

No issues were noted.

8.5 DETERMINE WHETHER THERE ARE ADEQUATE PROCEDURES IN PLACE TO MITIGATE THE RISK OF FRAUDULENT PAYMENTS.

Overall Outcome	Audit reviewed EMRC's controls that help prevent fraudulent modification to supplier details, particularly bank details and noted satisfactory controls exist.
------------------------	--

For this objective, Audit placed reliance on the Accounts Payable (Masterfile) and Contract Management internal audits conducted previously in March 2021. Audit confirmed if there were any changes from the previous audit and noted that the only change, was the addition of a new accounts payable employee.

We confirmed the previous walkthrough with EMRC's Finance Team Leader where we found that there are audit trails as part of the procedures which apply to all payments and suppliers to mitigate the risk of fraudulent payments is still current. There is also the requirement of two signatories for all payments made which also helps mitigate fraudulent payments.

As noted per EMRC "Management Guideline – Cheque Signatories and On-Line (EFT) Supplier Payments", signatures authorising cheque payments of the EMRC, unless otherwise waived by the Chief Executive Officer, are to consist of any two of the following signatories with at least one of the signatures being a primary signatory:

Primary Signatories

- Chief Executive Officer
- Chief Financial Officer
- Manager, Financial Services.

Secondary Signatories

- Chief Sustainability Officer
- Manager, Information Services
- Finance Team Leader.

Where possible, payment of EMRC suppliers of goods and/or services to be paid on-line via Electronic Funds Transfers (EFT). Unless otherwise waived by the Chief Executive Officer, any two of the following officers, can authorise the process of EFT payments with at least one of the authorising officers being a primary signatory:

Primary Signatories

- Chief Executive Officer
- Chief Financial Officer
- Manager, Financial Services.

Secondary Signatories

- Manager, Information Services
- Chief Sustainability Officer
- Finance Team Leader.

Audit noted that an updated guideline is currently in development and awaiting endorsement from the Executive Leadership Team. Audit has confirmed that there were some minor changes in the list of signatories from previous and this is reflected above.

Audit also obtained an updated list of EMRC current authorised signatories, with the Westpac bank and confirmed they are:

- David John Ameduri
- David John Schmidt
- Hua Jer Liew
- Marcus Jacobus Geisler
- My Le Truong
- Stephen Roy Fitzpatrick
- Wendy Lynette Harris.

No issues were noted.



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**Eastern Metropolitan Regional Council
Payroll (Transactional)
Internal Audit**

May 2022



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1. EXECUTIVE SUMMARY

Introduction

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EMRC provides a broad range of services across the region including waste management and education, resource recovery, urban and natural environmental management, and regional development of the region. Its Council is responsible for setting the EMRC's strategic direction. EMRC management implements this direction, ensures the organisation's values are sustained and provides an environment that encourages staff to reach their full potential.

As part of the Strategic Internal Audit Plan 2020/2021 – 2025/2026 an audit of Payroll (Transactional) is conducted every second year. The audit will cover the period 1 July 2021 to 31 March 2022.

Audit Objective:

This is classified as an assurance audit with a focus on controls. We will use a combination of walk throughs, interviews, process observation, and sampling to assess controls.

The specific objectives of this audit are as follows:

Reliability and Integrity of Information

- Review controls in place for approval of overtime and allowances
- Identify controls over the accuracy and timeliness of payments

Compliance

- Determine whether employees are paid in accordance with applicable awards, contracts, and legislation

Safeguarding of Assets

- Determine whether adequate security exists over payroll records
- Identify whether the fortnightly payroll is appropriately authorised

Risks Identified

- Authorisation of data being processed
- Inaccurate time and attendance data
- Unauthorised overtime and allowances.

Scope of works

The audit period will be 1 July 2021 to 31 March 2022.

2. OVERALL AUDIT OUTCOMES AGAINST AUDIT SCOPE OF WORKS

Overall Risk Rating

Scope Report Reference	Audit Scope	Outcomes	Risk Rating
8.1	Review controls in place for approval of overtime and allowances.	Achieved	N/A
8.2	Identify controls over the accuracy and timeliness of payments.	Achieved	N/A
8.3	Determine whether employees are paid in accordance with applicable awards, contracts, and legislation.	Achieved	N/A
8.4	Determine whether adequate security exists over payroll records.	Achieved	N/A
8.5	Identify whether the fortnightly payroll is appropriately authorised.	Achieved	N/A

3. SUMMARY OF FINDINGS

1. No findings were made.

4. RECOMMENDATIONS

1. No recommendations were made.

5. BUSINESS IMPROVEMENTS

1. No business improvements were made.

6. OVERALL COMMENTS

Eastern Metropolitan Regional Council - Management Comments

No comments were needed.

Stantons - Audit Management Comments

It was pleasing that there were no findings. We would like to thank the Financial Services Team for all their assistance with the audit.

7. RISK RATING AND DEFINITIONS

Risk Ratings and Interpretations

Risks Ratings	Rating Interpretation	Suggested timing of implementing recommendations
Critical	The finding poses a severe risk to EMRC if not appropriately and timely addressed.	Commence remedial action immediately
Major	The finding poses significant risk to EMRC if not appropriately and timely addressed.	Commence remedial action within 3 months
Moderate	The finding poses less significant risk to EMRC if not appropriately and timely addressed.	Commence remedial action within 6 months
Minor	The finding poses minimal risk to EMRC if not appropriately and timely addressed, and the risk may develop more or cause other risks to develop.	Commence remedial action within 12 months

DISCLAIMER, BASIS OF AUDIT AND LIMITATIONS

DISCLAIMER

This report is prepared for EMRC's internal use and may be shared with its auditors and professional advisors for internal use. Copying and distribution of this report to other parties should not be done without prior approval and consent from Stantons.

BASIS OF AUDIT

We have conducted our audit in accordance with the applicable Performance Standards of the International Standards for the Professional Practice of Internal Auditing. The content of this report therefore represents the independent view by Stantons purely based on the information provided by EMRC members of staff during audit fieldwork. Changes to the contents of the report without Stanton's involvement will render all contents less "independent" and unrepresentative of Stanton's position with regards to the contents contained therein.

INHERENT LIMITATIONS

Because of the inherent limitations of any internal control structure, it is possible that fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An Audit is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed are on a sample basis.

Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Liability limited by a scheme approved under Professional Standards Legislation.

Report Release

Released by (Name): James Cottrill

Signature: 

Title: Principal, Internal Audit, IT Audit & Risk Consulting

Date: 09 May 2022

8. DETAILED AUDIT ASSESSMENT

8.1 REVIEW CONTROLS IN PLACE FOR APPROVAL OF OVERTIME AND ALLOWANCES

Overall Outcome	Adequate controls are in place over the approval of overtime, allowances, and any other reasons for variation.
------------------------	--

As part of assessing overtime and allowances, Audit noted per discussions with the Management Accountant, overtime and timesheets are approved by the supervisors. Any overtime taken will be noted in the staff timesheets and will require supervisor approval before being processed by the Payroll Officer.

For allowances, we note that the following are available to employees as per their contract of employment:

- Adverse Working Conditions Allowance
- Mileage Allowance
- Meal Allowance
- First Aid Allowance
- Mobile Phone Allowance.

Audit obtained and reviewed EMRC's Payroll Procedure Manual updated October 2021 and noted the following procedures in place over approval of overtime and allowances per page 68:

1. Manager/Supervisor approved timesheets are uploaded into the SynergySoft Payroll system
2. TRIM document numbers for each employee are recorded onto the Timesheet Checklist
3. Total number of employees are cross referenced and reconciled from the Timesheet Checklist of Current Employees' Timesheet to the number of timesheets loaded into SynergySoft under the Timecard Entry module
4. Prior to each Payrun, the following reports are checked together:
 - Payroll Employee History Detail Report
 - Allowances Report
 - Payroll Report
5. There is completion of the Gross Comparison report and explanations provided for variances between the employees' gross pay and their standard fortnightly pay. i.e., overtime hours, allowances, termination payment etc.
6. Manager, Financial Services and Finance Team Leader will sign off on the variations on the fortnightly comparison report
7. Finalise the Payrun.

Audit selected two sample Payruns to assess whether overtime hours and allowances were appropriately approved. The following Payruns were selected:

- Payrun 8 (period ending 10/10/2021)
- Payrun 16 (period ending (30/01/2022).

Upon review of the Gross Comparison Report and Payroll Checklist of Current Employees' Timesheets, Audit noted that all overtime, allowances, and any other reasons for variations for the two sampled Payruns were appropriately justified with supporting evidence and approved.

No issues were noted.

8.2 IDENTIFY CONTROLS OVER THE ACCURACY AND TIMELINESS OF PAYMENTS

Overall Outcomes	Audit reviewed the Payroll Procedures Manual and noted appropriate controls are in place over the accuracy and timeliness of payments. Through sampling, we verified that payments are performed as per the manual.
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As per page 62 of the Payroll Procedure Manual, we note that the Payroll Officer will provide the following documents to the Finance Team Leader and Manager, Financial Services for checking:

- Payslip Report
- Plant Utilisation Report
- Leave and Allowances Report
- Gross Variation Report
- Payroll Employee Net Listing Report
- Payroll Allowance Listing Report
- Fortnightly Payrun file including printed timesheets, leave forms, other types of claim forms, Higher Duties, New Starters, Terminated Employees, Payroll Checklist.

These reports are reviewed, and details are cross referenced on the Payslip Report against other reports for various criteria including ordinary hours paid, weekend penalty rates, overtime, and allowances etc. Once the pays are finalised, the Payroll Officer will print the Payroll Reconciliation. The Finance Team Leader and Manager, Financial Services will sign off as the net payroll amount should match the amount listed on the Payroll Employee History Detail Report. They will then upload the ABA (Australian Banking Association) file to the bank and authorise the transfer.

As per section 8.1 above, Audit reviewed the Payslip Report for Payrun 8 and Payrun 16 and noted that they were appropriately cross referenced against the other reports. Audit also obtained the bank statements to authorise transfers for both sampled Payruns. Audit notes Payrun 8 (period ending 10/10/2021) was authorised on 13/10/2021, and Payrun 16 (period ending 30/01/2022) was authorised on 02/02/2022. Both Payruns were appropriately paid on the Wednesday in accordance with Payroll Procedure Manual.

No issues were noted.

8.3 DETERMINE WHETHER EMPLOYEES ARE PAID IN ACCORDANCE WITH APPLICABLE AWARDS, CONTRACTS, AND LEGISLATION

Overall Outcome	We found based on testing, employees are appropriately paid in accordance with applicable awards, contracts, and legislation.
------------------------	---

As part of our audit testing, Audit conducted testing on 13 randomly selected employees to assess whether EMRC employees are paid in accordance with the applicable awards, contracts, and legislation. The employees were selected from five different Payruns between July 2021 to February 2022. The following tests were performed:

1. Base salary/payment is in accordance with applicable awards, contracts, and legislation
2. Tax deduction is accounted correctly
3. Superannuation calculation is accounted correctly.

Audit compared the actual salary paid as per the Payruns to calculations done by the audit team and verified that the values matched. The table below illustrates the audit testing results:

Employee Name	1 - Salary	2 - Tax	3 - Super
Marcus Jacob Geisler	✓	✓	✓
Gregory David Cowen	✓	✓	✓
Angela Marie Wolstencroft	✓	✓	✓
Lee Loughnan	✓	✓	✓
Julia Margaret Christensen	✓	✓	✓
Jules Duncan	✓	✓	✓
Wendy Lynette Harris	✓	✓	✓
Robert John Pimbley	✓	✓	✓
Stephen Roy Fitzpatrick	✓	✓	✓
Casey Conner Murphy	✓	✓	✓
Frank Him Hua Kua	✓	✓	✓
Bradley Patrick Lacey	✓	✓	✓
Michael Francis Roller	✓	✓	✓

Based on the testing results, Audit found sufficient evidence to determine that employees are paid in accordance with applicable awards, contracts, and legislation.

Additionally, Audit conducted further testing on randomly selected samples of new employees and terminated employees. The following employees were selected:

- Elizabeth Jones (commenced 26/07/2021)
- Tejaskumar Patel (commenced 06/12/2021)
- Belinda Cass (commenced 31/01/2022)
- Neil Hartnell (terminated 13/08/2021)
- Damanjit Sharma (terminated 27/09/2021)
- Izak Venter (terminated 19/11/2021).

For new employees, the following tests were performed:

- Agreed level and pay rate entered for each new employee agrees to applicable awards/contract
- Agreed new employees are paid only from commencement date.

Based on audit testing results, the sampled new employees were appropriately paid in accordance with the applicable awards/contract and were appropriately paid on commencement.

For terminated employees, the following tests were performed:

- Agreed leave date per payroll system to signed termination/resignation letter
- Agreed selected employees are paid only until termination date.

Per information provided by the Management Accountant and the Human Resources Officer, Neill Hartnell was a casual employee and was rarely called to work. We note that Neill Hartnell was not paid at all between the time he last worked to his termination date. Audit noted no issues with the testing results of the other sample terminated employees.

For Higher Duties Allowance, Audit conducted testing on two sampled employees who were nominated for higher duties during the audit period. The following employees were selected for testing:

- Robert Bush (acting Team Leader – Landfill Operations)
- Hua Jer Liew (acting Chief Executive Officer).

Relevant to the audit objective, the following tests were performed:

1. Approved Higher Duties Application Form obtained
2. Higher Duties payment was accurately calculated
3. Super reflects changes from increasing base salary due to Higher Duties
4. Tax reflects changes from increasing base salary due to Higher Duties.

For test criteria 2-4, Audit obtained Payruns for each of the employees and compared their fortnightly salary per the Payrun with Audit team's recalculations. Based on the results, Audit notes that the salary for Higher Duty employees were accurately calculated as per the agreed rate.

No issues were noted.

8.4 DETERMINE WHETHER ADEQUATE SECURITY EXISTS OVER PAYROLL RECORDS

Overall Outcome	Audit reviewed the Payroll Procedures manual, Synergy Soft Payroll access, payroll record storage and found that adequate security exists over payroll records.
------------------------	---

Our work included the review of the Payroll Procedures manual updated October 2021, and we were able to identify the security controls over the payroll records under EMRC Payroll Internal Controls as follows:

- Establish controls over who can view payroll records on Content Manager and shared folder on network
- Limit access to the payroll module on SynergySoft
- Always lock up physical payroll records when they are not in use to prevent unauthorised access.

Audit also reviewed the segregation of duty controls within the Payroll Procedure manual updated October 2021 and noted the following:

- There is separation of duties pertaining to preparing personnel forms, entering personnel details, processing payroll transactions, approving payroll transactions, and finalise payroll payments
- Personnel form to be signed by employee and checked and prepared by Human Resource Department before forwarding to the payroll area
- Payroll Officer has responsibility to enter and amend employee details and process approved timesheet on SynergySoft
- Payroll Officer has responsibility to create, implement, monitor, modify, and enforce operating procedures and internal control processes to ensure the accuracy and integrity of EMRC's payroll
- Payroll Officer should not be able to audit payroll and verify the payroll
- Finance Team Leader has responsibility to review and verify payroll transactions for validity and reasonableness and comparing transactions to supporting documentation such as employee timesheets
- Payroll transactions must be approved and finalised by both the Finance Team Leader and Manager, Financial Services or Chief Financial Officer.

As evidence that digital payroll records are stored securely, Audit obtained a screenshot of the Payrun records stored in Content Manager. We note that all Payrun records are stored securely in the appropriate folder. For physical records, Audit noted that all payroll records are kept in the locked payroll cabinet and only Payroll Officers have the keys to access them.

Audit also obtained the SynergySoft Payroll Access updated April 2021 detailing the users that have "Enquiry Access" and "Full Payroll Access" to SynergySoft.

We note the following users have "Enquiry Access":

- Angela Wolstencroft (Manager of Human Resources)
- David Ameduri (Manager of Financial Services)
- David Schmidt (Manager of Information Services)
- Gillian Sirl (Human Resource Officer)
- Jamie Beaney (Human Resource Officer)
- Jer Liew (Chief Finance Officer).



The following users have "Full Payroll Access":

- ITVision (SynergySoft provider/support)
- Kasa Nakhonthat (Management Accountant)
- Le Truong (Finance Team Leader)
- Pooja Sriram (Payroll/Accounts Officer)
- SynergySoft Web Access
- Vivian Hao (Payroll/Accounts Officer).

No issues were noted.

8.5 IDENTIFY WHETHER THE FORTNIGHTLY PAYROLL IS APPROPRIATELY AUTHORISED

Overall Outcome	We found based on sampling, there is sufficient evidence to demonstrate that fortnightly payroll is appropriately authorised.
------------------------	---

As mentioned in section 8.1, Audit conducted an assessment over Payrun 8 and Payrun 16. Part of this assessment also included testing to verify that the fortnightly payroll is appropriately authorised.

We performed the following tests on the selected Payrun samples:

1. Authorisation Step 1 – Authorisation is received through email from the supervisor of the corresponding employees from the Payroll Officer to begin processing the Payrun
2. Authorisation Step 2 - Before the Payrun is finalised, the report is sent out to the Finance Team Leader and Finance Manager to be signed off on the last page
3. Authorisation Step 3 – Payroll EFT process is checked against the summary report and is checked and signed off by the Finance Manager
4. Single Touch Payroll (STP) authorisation were found to be correct, and no further adjustments are required. A copy of the ATO lodgement confirmation is forwarded to the Finance Team Leader at payroll@emrc.org.au
5. Authorisation Step 4 – Comparison between the final payroll report and checked against the report previously generated
6. Payroll Reconciliation is prepared to check variations between the pay and standard pay for fortnight and is signed off on the last page to show that it has been reviewed
7. For a randomly selected employee who have taken leave in the selected Payrun, leave taken has been agreed to approved leave forms.

Based on the testing results, all the above stated testing criteria were satisfied for the two sampled Payruns. Audit obtained and reviewed the payroll reports for the Payruns and sighted the appropriate sign off from the Finance Team Leader as well as the Manager of Financial Services. We also note that the following bank authorisations for each of the Payruns per the bank statement:

- Created by: M Luong
- Last updated by: D Ameduri
- 1st authorisation: M Luong
- 2nd authorisation: D Ameduri.

No issues were noted.



11.4 RISK MANAGEMENT UPDATE

D2022/07744

PURPOSE OF REPORT

The purpose of this report is to provide Council with an update on the EMRC's risk management profile.

KEY POINT(S)

- Sound corporate governance requires an integrated risk management approach including management processes, strategic planning, reporting and performance management.
- In accordance with the Risk Management Framework, an overview of the management of risk is reported approximately 3 – 4 times a year to the Audit Committee.

RECOMMENDATION(S)

That Council notes the update on the status of the Council's risk management profile.

SOURCE OF REPORT

Chief Financial Officer

BACKGROUND

- 1 At the Ordinary Council meeting on 3 December 2020 it was resolved that (D2020/21187):
THAT COUNCIL:
 1. *CANCELS 7.1 - RISK MANAGEMENT POLICY, FORMING ATTACHMENT 1 OF THIS REPORT.*
 2. *ADOPTS A NEW 7.1 - RISK MANAGEMENT POLICY, FORMING ATTACHMENT 3 OF THIS REPORT.*
 3. *ENDORSES THE NEW RISK MANAGEMENT FRAMEWORK, FORMING ATTACHMENT 4 OF THIS REPORT AND THE NEW RISK APPETITE STATEMENT, FORMING ATTACHMENT 5 OF THIS REPORT TO ENSURE THAT THE APPROPRIATE GOVERNANCE OF RISK MANAGEMENT WITHIN THE EMRC IS PROVIDED.*
- 2 The EMRC has quantified its broad risk appetite through the EMRC's risk assessment and acceptance criteria. The criteria are included within the EMRC's Risk Management Policy, Risk Management Framework and the Risk Appetite Statement.
- 3 The EMRC is to continue to monitor and review process and to report on the progress of its achievement of the risk management objectives, the management of individual risks and the ongoing identification of issues and trends.
- 4 The last risk performance objectives were reported to the Audit Committee and Council in March 2022.

REPORT

- 5 The EMRC's Risk Management Framework provides the guidance to integrate risk management into significant activities and functions performed by the EMRC and supporting the EMRC's ability to use risk management as part of the decision-making processes.



- 6 The current EMRC risk appetite accepts the taking of controlled risks, the use of innovative approaches and the development of new opportunities to improve service delivery and to achieve EMRC objectives provided that the risks are properly identified, evaluated and managed to ensure that any exposures are acceptable.
- 7 The current risk management profile (heat map report), forming attachment 1 to this report, is a heat map report generated using the CAMMS risk software following its implementation and shows all of the EMRC's strategic risks. The heat map offers a visualised, comprehensive view of the likelihood and impact of the EMRC's strategic risks and helps the organisation improve its risk management and risk governance by prioritising risk management efforts.
- 8 The table below summarises the current risk management update associated with all of the EMRC's strategic risks that are included in the attachment to this report.

Risk Code	Risk Title	Risk Owner	Risk Status Update
SR-1	Excessive Employee Benefits leave liability	Chief Executive Officer	Introduced Competency Framework Management Guideline, monthly Executive Leadership Team reporting and included this into performance reviews.
SR-2	Inadequate succession planning	Chief Executive Officer	Annual succession planning workshop scheduled in October.
SR-3	Ineffective Operational Reporting (timely and relevant)	Chief Operating Officer	All reports are effective with clear KPI's. The effectiveness of the reports is tested regularly.
SR-4	Over-use of single-source suppliers	Chief Financial Officer	Reports are reviewed monthly by the Executive Leadership Team to ensure compliance are met. The risk will remain major for non-compliance as it is a likely outcome. Continual vigilance is required.
SR-5	Legacy issues restricting innovation and performance	Chief Executive Officer	Business improvement is now an agenda items at monthly Executive Leadership Team meetings. New revenue and value add to member councils observing budget restraints are main stream now
SR-6	Under/poor performance	Chief Executive Officer	Monthly P&L management reporting and review process in place.
SR-7	Reduced Grant Funding	Chief Sustainability Officer	Reduced Grant Funding is likely if existing programs are not continued and new opportunities not identified.



Risk Code	Risk Title	Risk Owner	Risk Status Update
SR-8	Inadequate leachate control	Chief Operating Officer	All leachate controls put in place are adequate. The leachate ponds are monitored on a daily basis. To date there are no issues in this area as the current set-up meets all requirements.
SR-9	Odour, noise, dust and traffic complaints	Chief Operating Officer	There are internal processes that allow neighbours and others to report on any of the items highlighted in this code. All complaints are acted on within a timely manner and signed off by both the Site Manager and Chief Operating Officer and filed in accordance with EMRC's internal requirements.
SR-10	WWTE (Pyrolysis) Project underperformance	Chief Project Officer	The contractor went into voluntary administration on 14th March 2022; EMRC has been working with its lawyers and the Administrator to secure the best outcome for the EMRC. The project is still planned to be completed.
SR-11	Fire in operational sites	Chief Operating Officer	All inductions and internal processes are adequate to manage all EMRC sites in the unlikely event of a fire on site. This includes all reporting requirements.
SR-12	By-passing established Tender or Procurement procedures	Chief Financial Officer	Regular meetings are held with the various teams, particularly the Projects Team due to the level of capital expenditure which are more non-regular by comparison to Operations.



Risk Code	Risk Title	Risk Owner	Risk Status Update
SR-13	Cyber attack	Chief Financial Officer	A review has been undertaken by the Internal Auditors. A separate report is being tabled at the Audit Committee Meeting.
SR-14	Poor Stakeholder Engagement	Chief Executive Officer	More focus on communications frequency and content. Restructured reporting lines.
SR-15	By-passing established administrative (non-financial) procedures	Chief Financial Officer	Ongoing monitoring and review.
SR-16	Injury to Operational Field Officers	Chief Executive Officer	Introduction of revised pre-starts, an OHS focus at recruitment and accountability/corrective action.
SR-17	COVID-19 Infection	Chief Executive Officer	Regular COVID updates to business continuation plan.
SR-18	Capex project objectives/targets not achieved	Chief Project Officer	There are a number of carry forwards as the EMRC is unable to commence works on a number of projects, as we are waiting for DWER / EPA to review referrals on Ministerial Statements. Monitoring of expenditure is still taking place.
SR-19	Licencing conditions breach	Chief Project Officer	No change, however there is a link to SR-18 due to the lack of progress by DWER / EPA. There have been some proposed changes to licence conditions as a consequence of EMRC working through our existing licence conditions and seeking to rationalise them.
SR-20	Lack of interest from Member Councils regarding Sustainability Programs	Chief Sustainability Officer	Lack of Interest from Member Councils regarding Sustainability Programs has already been evidenced.



Risk Code	Risk Title	Risk Owner	Risk Status Update
SR-21	Employment related litigation	Chief Executive Officer	Audits by LGIS and Internal auditors of management guidelines and procedures took place as well as training regarding employee relations, OHS and site procedures enforcement.
SR-22	Sub-surface landfill fires	Chief Operating Officer	There is a process in place to follow in the unlikely event there is a sub-surface fire. This process also includes the reporting of the actual incident as well.
SR-23	Methane gas explosion	Chief Operating Officer	All areas are monitored on a daily basis by the EMRC site contractor (EDL) as well as EMRC site leaders. All inductions as well as EMRC's site emergency plan covers the requirements in the event of an incident. The EMRC conducts regular drills on evacuation procedures etc. This is to ensure that all personnel understand what is required in the unlikely event of a methane gas explosion.
SR-24	Light vehicle or pedestrian interaction with heavy equipment	Chief Operating Officer	All external visitors are inducted to highlight all operational active areas as well as issued with two-way radios & escorted safely by an EMRC site employee. No one enters EMRC sites without been inducted first. Inductions cover off on all site requirements when it comes to light vehicles or pedestrian activity. There are set safety KPI's for all managers and leaders of the sites. This is to ensure that EMRC leaders auditing the process to ensure all process are followed and adhered too. These results and mitigations are highlighted in our regular operational reports.



Risk Code	Risk Title	Risk Owner	Risk Status Update
SR-25	Fraudster changing a Creditor's bank account details	Chief Financial Officer	This risk remains the same as the initial risk rating of moderate & unlikely, reflecting the likelihood & risk level. The verification process continues to be reviewed & has been reinforced to ensure that any changes to a creditor's bank account details are not changed without confirmation from the creditor.
SR-26	No scheduled maintenance program for all buildings	Chief Financial Officer	A review was undertaken and the program has been developed to ensure funding with the 2022/2023 annual budget
SR-27	Intentional activities in excess of delegated authority (PID Officer)	Chief Executive Officer	All within acceptable range. No non-conformances.
SR-28	Large numbers of Ibis and Pelicans scavenging on open tip face	Chief Operating Officer	There are internal procedures in place to ensure that this is managed in accordance with EMRC's requirements. The Operations team is also heavily supported by the Environmental team.

STRATEGIC/POLICY IMPLICATIONS

9 Key Result Area 3 – Good Governance

3.3 To provide responsible and accountable governance and management of the EMRC

FINANCIAL IMPLICATIONS

10 Nil

SUSTAINABILITY IMPLICATIONS

11 Nil

RISK MANAGEMENT

Risk – The EMRC is required to ensure that all risks are reviewed, monitored and controlled on a regular basis

Consequence	Likelihood	Rating
Moderate	Likely	High
Action/Strategy		
➤ Council to note the update on the status of the Council's risk management objectives.		



MEMBER COUNCIL IMPLICATIONS

Member Council	Implication Details
Town of Bassendean	} Nil
City of Bayswater	
City of Kalamunda	
Shire of Mundaring	
City of Swan	

ATTACHMENT(S)

Current risk management profile (D2022/07745)

VOTING REQUIREMENT

Simple Majority

RECOMMENDATION(S)

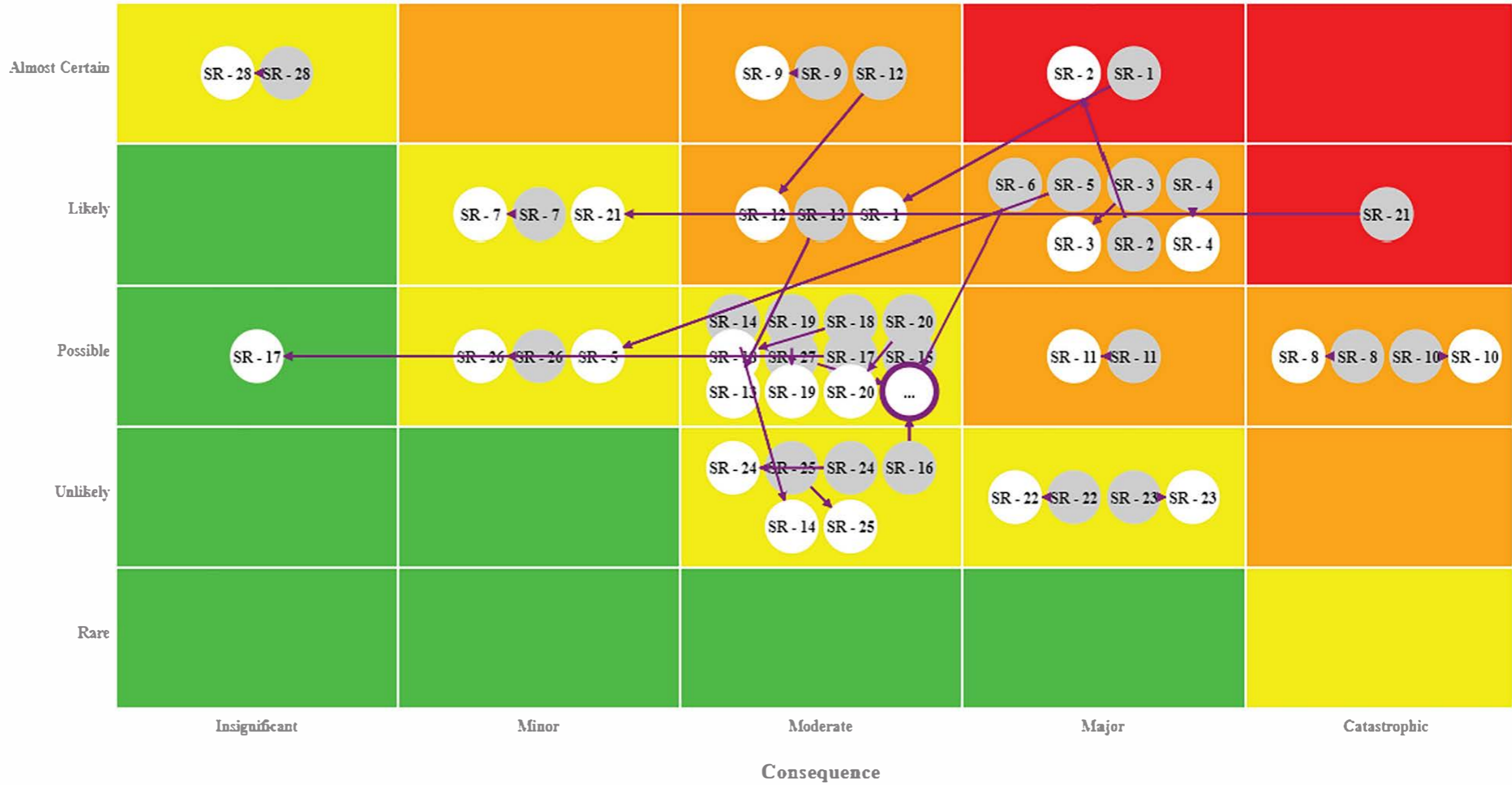
That Council notes the update on the status of the Council's risk management profile.

AC RECOMMENDATION(S)

MOVED

SECONDED

Likelihood



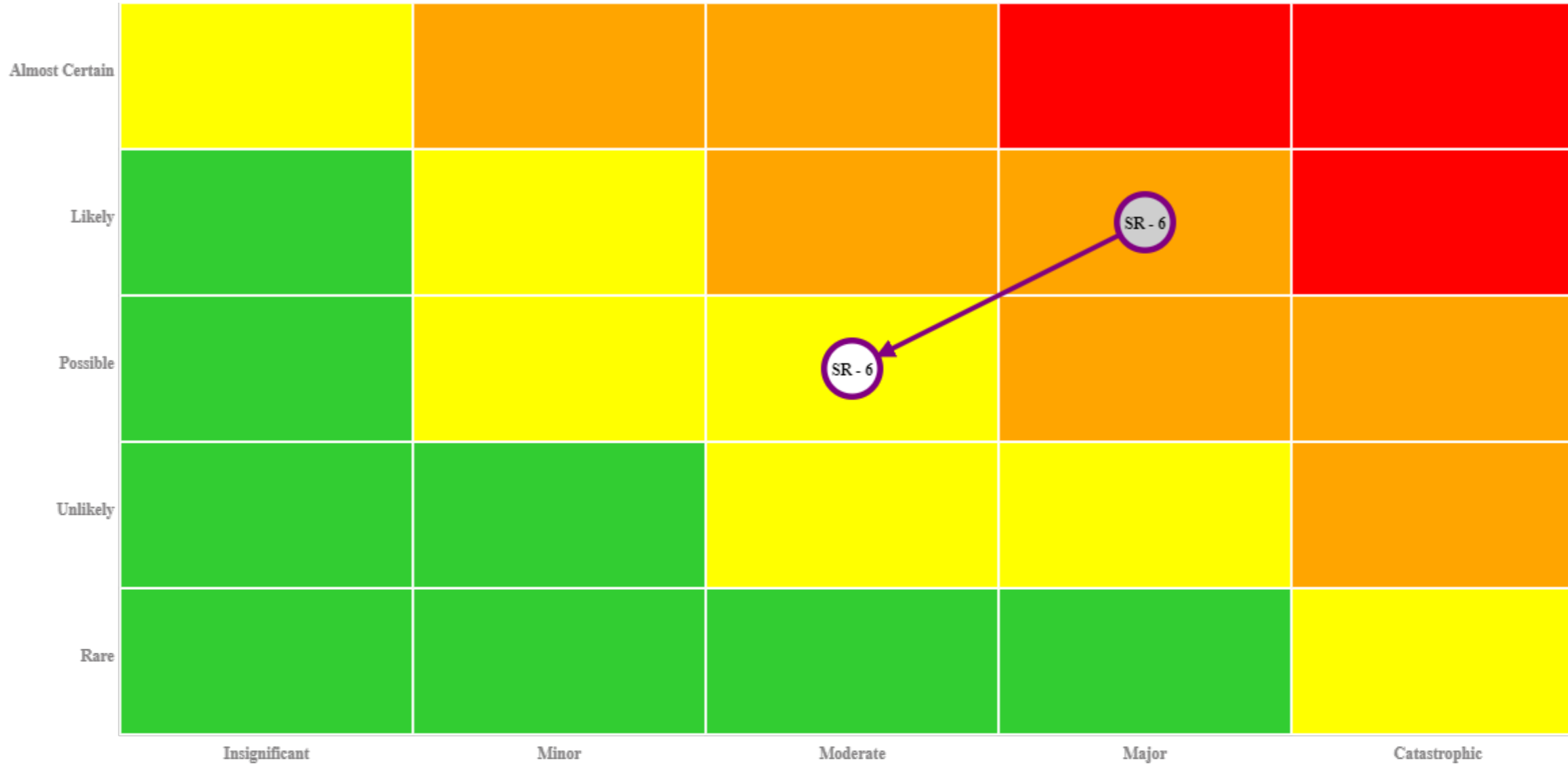
Risk Code	Risk Title
SR - 10	WWTE (Pyrolysis) Project underperformance
SR - 9	Odour, noise, dust and traffic complaints
SR - 18	Capex project objectives/targets not achieved
SR - 24	Light vehicle or pedestrian interaction with heavy equipment
SR - 13	Cyber attack
SR - 25	Fraudster changing a Creditor's bank account details
SR - 1	Excessive Employee Benefits leave liability
SR - 21	Employment related litigation
SR - 19	Licencing conditions breach
SR - 3	Ineffective Operational Reporting (timely and relevant)
SR - 12	By-passing established Tender or Procurement procedures
SR - 20	Lack of interest from Member Councils regarding Sustainability Programs
SR - 16	Injury to Operational Field Officers
SR - 8	Inadequate leachate control
SR - 5	Legacy issues restricting innovation and performance
SR - 14	Poor Stakeholder Engagement
SR - 23	Methane gas explosion
SR - 4	Over-use of single-source suppliers
SR - 28	Large numbers of Ibis and Pelicans scavenging on open tip face
SR - 22	Sub-surface landfill fires
SR - 7	Reduced Grant Funding
SR - 26	No scheduled maintenance program for all buildings
SR - 17	Covid-19 Infection
SR - 27	Intentional activities in excess of delegated authority (PID Officer)
SR - 6	Under/poor performance
SR - 11	Fire in operational sites
SR - 2	Inadequate succession planning
SR - 15	By-passing established administrative (non-financial) procedures



Initial Risk Rating

Residual Risk Rating

Likelihood



Consequence

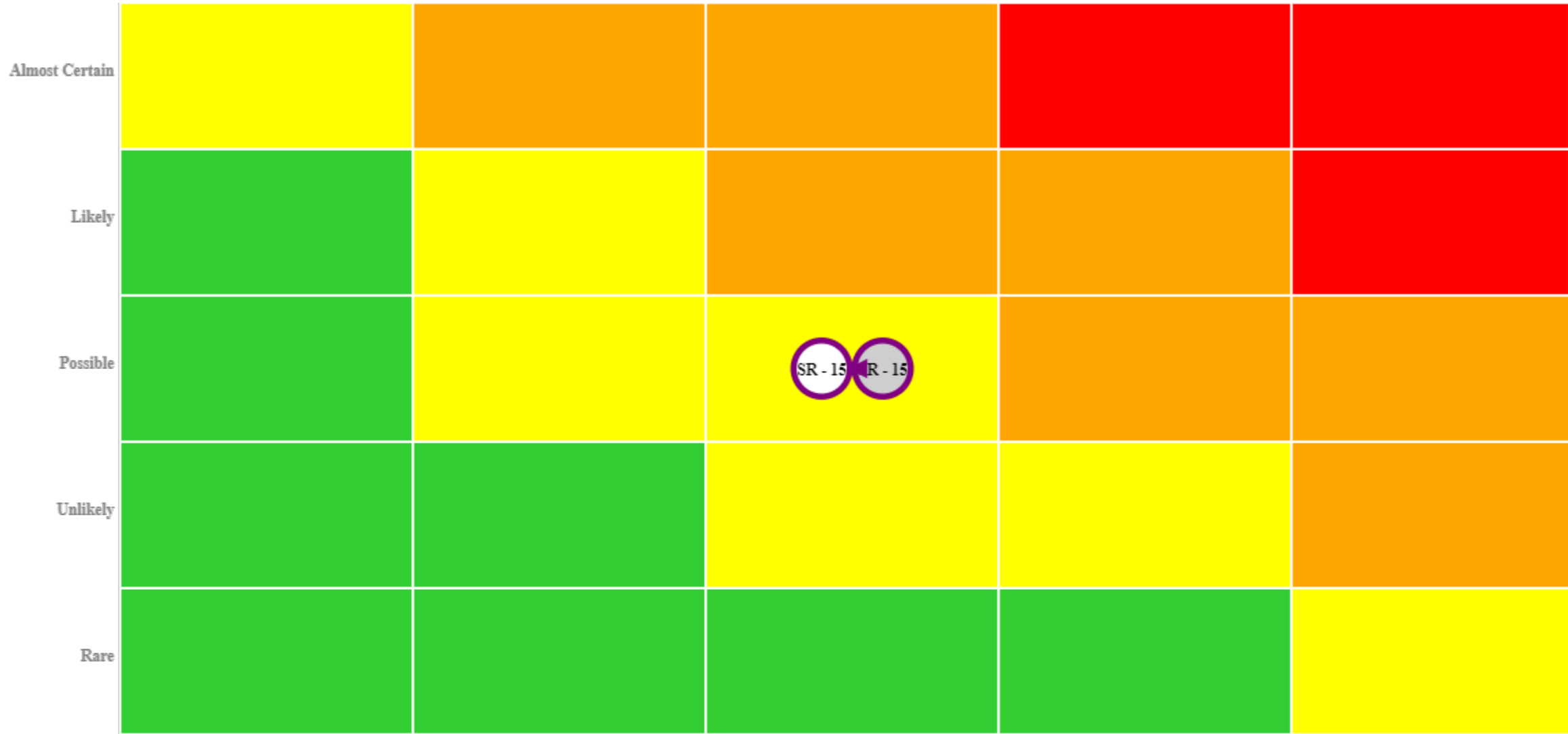
Risk Code	Risk Title
SR - 6	Under/poor performance



Initial Risk Rating

Residual Risk Rating

Likelihood



Insignificant Minor Moderate Major Catastrophic

Consequence

Risk Code	Risk Title
SR - 15	By-passing established administrative (non-financial) procedures

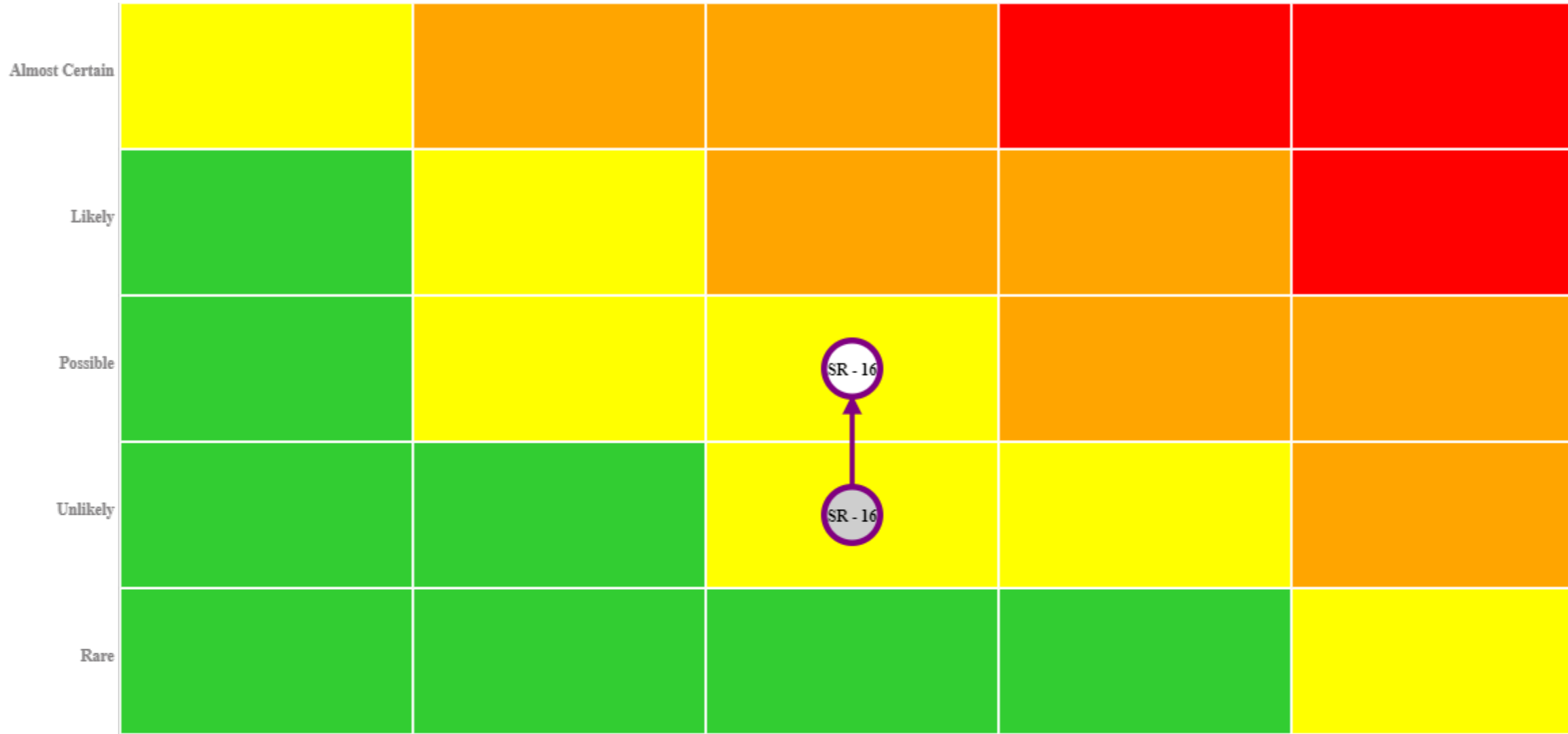


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Initial Risk Rating

Residual Risk Rating

Likelihood



Insignificant

Minor

Moderate

Major

Catastrophic

Consequence

SR - 16

SR - 16

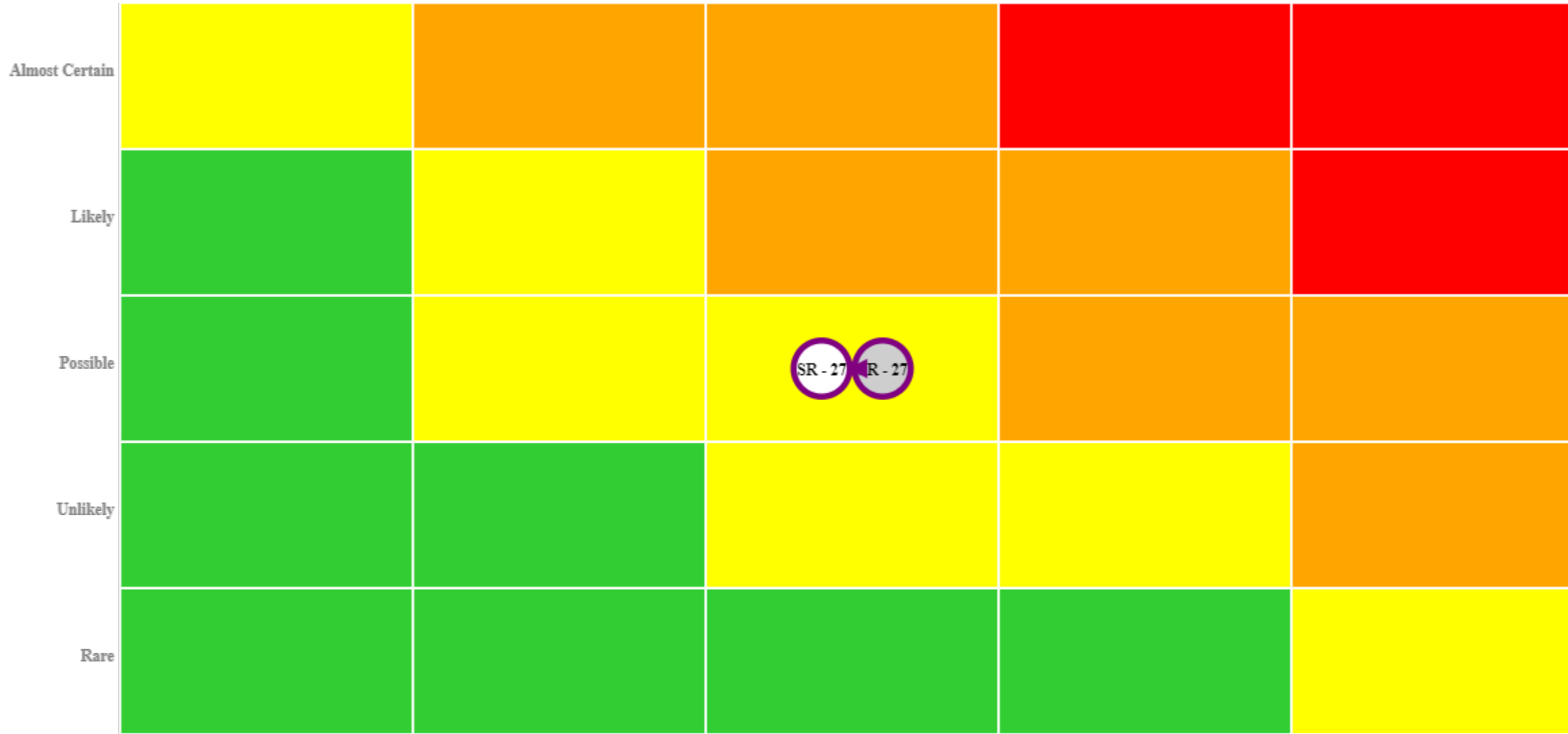
Risk Code	Risk Title
SR - 16	Injury to Operational Field Officers



Initial Risk Rating

Residual Risk Rating

Likelihood



Insignificant

Minor

Moderate

Major

Catastrophic

Consequence

SR - 27

R - 27

Risk Code	Risk Title
SR - 27	Intentional activities in excess of delegated authority (PID Officer)



12 REPORTS OF DELEGATES

13 NEW BUSINESS OF AN URGENT NATURE APPROVED BY THE CHAIRMAN OR PRESIDING MEMBER OR BY DECISION OF MEETING

14 CONFIDENTIAL MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC

RECOMMENDATION (Closing Meeting to the Public)

That with the exception of, the meeting be closed to members of the public in accordance with Section 5.23 (2) of the *Local Government Act 1995* for the purpose of dealing with matters of a confidential nature.

COUNCIL RESOLUTION

MOVED CR

SECONDED CR

14.1 CYBER SECURITY AUDIT – GAP ANALYSIS (D2022/08455)

This item is recommended to be confidential because it contains security matters.

See Confidential Item circulated with the Agenda under Separate Cover.

RECOMMENDATION [Meeting re-opened to the Public]

That the meeting be re-opened, the members of the public be invited to return to the meeting and the recommendations passed behind closed doors be recorded.

COUNCIL RESOLUTION(S)

MOVED CR

SECONDED CR

Recording of the resolutions passed behind closed doors, namely:

14.1 CYBER SECURITY AUDIT – GAP ANALYSIS (D2022/08455)

COUNCIL RESOLUTION(S)

MOVED CR

SECONDED CR



15 FUTURE MEETINGS OF THE AUDIT COMMITTEE

Meetings of the Audit Committee are covered under the Audit Committee Terms of Reference as follows:

“4 Meetings

- 4.1 The Audit Committee will meet as required at the discretion of the chairperson of the committee and at least three times per year to coincide with:
- a. Approval of strategic and annual plans;
 - b. Approval of the annual budget; and
 - c. The auditor’s report on the annual financial report.”

Future Meetings 2022

Thursday	7	July	(If Required)	at	EMRC Administration Office
Thursday	4	August	(If Required)	at	EMRC Administration Office
Thursday	1	September	(If Required)	at	EMRC Administration Office
Thursday	6	October	(If Required)	at	EMRC Administration Office
Thursday	3	November	(If Required)	at	EMRC Administration Office

16 DECLARATION OF CLOSURE OF MEETING